

1953  
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IN THE COURT OF THE TRANSPORT TRIBUNAL

TRANSPORT ACT, 1947—PART V

IN THE MATTER OF THE APPLICATION OF THE  
BRITISH TRANSPORT COMMISSION (1953 No. 134)

TO CONFIRM THE  
BRITISH TRANSPORT COMMISSION  
(PASSENGER) CHARGES  
SCHEME, 1953

THURSDAY, 19TH MARCH, 1953

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TENTH DAY

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# PROCEEDINGS OF THE TRANSPORT TRIBUNAL

THURSDAY, 19th MARCH, 1953

PRESENT:

HUBERT HULL, Esq., C.B.E, (*President*)  
A. E. SEWELL, Esq.  
J. C. POOLE, Esq., C.B.E., M.C.

Mr. HAROLD I. WILLIS, Q.C., Mr. E. S. FAY, and Mr. KENNETH POTTER (instructed by Mr. M. H. B. Gilmour, Chief Legal Adviser to the British Transport Commission) appeared on behalf of the British Transport Commission.

Mr. H. V. LLOYD-JONES, Q.C., Mr. LEON MacLAREN, and Mr. GEORGE MERCIER (instructed by Mr. J. G. Barr) appeared on behalf of the London County Council.

Mr. GEOFFREY LAWRENCE, Q.C., Mr. J. RAMSAY WILLIS and Mr. CHRISTOPHER HODSON (instructed by Sir Clifford Radcliffe, C.B.E., Solicitor and Clerk to the Middlesex County Council) appeared on behalf of the following County Councils—Middlesex, Berkshire, Buckinghamshire, East Sussex, Essex, Hertfordshire, Kent and Surrey.

Sir SHIRLEY WORTHINGTON-EVANS (instructed by Mr. Desmond Heap, Comptroller and City Solicitor) appeared on behalf of the Corporation of London.

Mr. J. RAMSAY WILLIS (instructed by Mr. W. O. Dodd, Deputy Town Clerk) appeared on behalf of Brighton Corporation.

Mr. G. R. ROUGIER (instructed by Mr. Archibald Glen, Town Clerk) appeared on behalf of Southend-on-Sea Corporation.

Mr. G. R. ROUGIER appeared on behalf of County Borough of Southend-on-Sea Railway Travellers' Association.

Mr. D. J. TURNER-SAMUELS (instructed by Mr. W. H. Thompson) appeared on behalf of London Trades Council.

Mr. GEOFFREY RIPPON (instructed by Mr. R. H. Buckley, Town Clerk) appeared on behalf of East Ham Borough Council.

Mr. GEOFFREY RIPPON (instructed by Mr. G. E. Smith, Town Clerk) appeared on behalf of West Ham Borough Council.

Mr. GEOFFREY RIPPON (instructed by Mr. G. E. Smith, Town Clerk) appeared on behalf of South-West Essex Traffic Advisory Committee.

(*President*): Mr. Willis, it would probably be convenient if we say something about future sittings. We shall sit next week as this week—Monday, Tuesday, Wednesday, and Thursday but not on Friday. In Holy week we shall sit on the 30th and 31st March and the 1st April. We shall not sit during Easter week and we shall begin again on the day the Courts open—that is Tuesday, not Monday. But during that week we shall sit on Tuesday, Wednesday, Thursday, and Friday.

Mr. ALEXANDER BALMAIN BRUCE VALENTINE recalled.

Cross-examination by Mr. MACLAREN continued.

2442. I must apologise for not being ready to open my cross-examination properly yesterday afternoon. I discovered afterwards that this little booklet—my copy of "Transport Statistics" had been presented to Marshal Tito—I hope our distinguished visitor enjoyed his reading!

Mr. Valentine, there are one or two matters of fact that I should like to hear first. Under the Scheme as proposed, and subject, of course, to the undertaking which has been offered as to the limitation of increases, the fares could be raised when the undertaking expires, or gives out for any other reason, to the standard in the scale. Is that so?—Yes, so far as that is practicable.

Mr. C. OSMOND TURNER (instructed by Messrs. Carpenter, Wilson & Smith) appeared on behalf of London Passengers' Association.

Mr. GEORGE W. REYNOLDS represented London Federation of Trades Councils.

Miss DOROTHY D. FORSTER represented the Walthamstow Trades Council.

Mr. J. W. SYKES represented Edmonton Trades Council.

Mr. F. A. RULER represented the Federation of Residents' Associations in the County of Kent.

Mr. W. J. LUXTON represented The Association of British Chambers of Commerce.

Miss H. C. HART represented The National Association of Women Civil Servants.

Mr. N. J. LEWISOHIN represented Whyteleafe & Kenley Residents' Association.

Mr. C. M. HAMILTON represented The Accountant-General's Department, Civil Service Clerical Association (Bickley Branch).

Mr. HYMAN FRANKEL represented The National Union of Bank Employees.

Mr. J. F. PLEYDELL represented Pitsea, Vange & District Resident Ratepayers' Association.

Mr. STANLEY MAYNE represented the Institution of Professional Civil Servants.

Mr. D. KELLY represented the South Essex Branch of the Communist Party.

Mr. J. E. MORRISH represented the Post Office Engineering Union.

Mr. J. REID represented the London North and London South District Committees of the Amalgamated Engineering Union.

Mr. ALEXANDER HALLIDAY represented the North London District of the Amalgamated Union of Operative Bakers, Confectioners and Allied Workers.

Mr. D. J. D. WELLUM represented the Benfleet & District Railway Travellers' Association.

(*Mr. Harold Willis*): Thank you, Sir. It will be very helpful for people to make their arrangements.

(*President*): I am assuming, of course, that the inquiry will last so long.

(*Mr. Harold Willis*): Yes, it is a little difficult to forecast at this stage.

(*President*): We shall not sit on Coronation Day!

2443. Can I understand that answer?—On road services, for example, fare stage points have to be fixed at convenient traffic objectives, which do not make it possible to make the fare stages conform precisely to the average half-mile, and a generous measure of distance would still be left in the fares even after those that we were able to adjust (treating them as sub-standards) had been dealt with.

2444. Is there any other important point of limitation arising from practice?—The same thing applies to some extent on the railways as well, because the railway fares have to be made to agree with the road fares. If you have

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[Continued]

a distance of 1.15 miles between the two stage points (covering two stages) on a road service and a parallel railway, and the station is about that same distance away, advantage would not normally be taken of the rule that a fraction of a mile counts as a mile on the railway, but the rail fare and the road fare would both be at the rate appropriate to the distance of a mile, and that might react on the longer distance fares, the generous measure necessarily being continued in the longer distance fares; so even if what we regard as sub-standard charges which had to be raised to the standard were dealt with, the average charge would still be substantially below the charge as it appears on the standard scale.

2445. Yes, I understand what you are saying. So, apart from these practical limitations you have mentioned, you could, under the proposals being made by the Commission and subject to the undertaking, raise the charges as near as may be to the standard charge?—Yes.

2446. Could you give me a figure for the yield from that operation, on the basis of your "Y" year?—I think I have it available. The first effect of increasing sub-standard charges by the amount that they were raised last March is a figure already known to us—£1.2m. If we did all else that we think is practicable to raise charges which would then still be sub-standard nearer to the standard, we estimate that approximately we should obtain additional revenue of £1.1m., including the £1.2m.

2447. You would raise the £1.2m. to £1.5m.—is that it?—Yes, that is right.

2448. (*President*): That is the London Transport Executive figure, Mr. Valentine, is it?—Yes, Sir.

2449. It does not include London?—No, it does not include London Lines, but I do not think there is any appreciable margin left for increasing sub-standard charges to standard on London Lines beyond what we did in March and undid in August.

(*Mr. MacLaren*): As I understand the proposed undertaking, that would extend, of course, to the whole of the scheme not merely on London Lines but beyond, would it not?

(*Mr. Harold Willis*): Yes, the undertaking was widely expressed to cover both aspects, the London area outside London.

2450. (*Mr. MacLaren*): If you please. Now so far as the London Transport Executive is concerned, the £1.2m. is broken down, is it not, in a table supplied to Middlesex—CC/H. 101. Is that right? What I want to know, Mr. Valentine, is, would it be right to put that table in reverse and say, by increasing the sub-standard fares to the position in March, the yield would be the difference between the total and the limited yield shown on this table?—If the difference is £1.2m. it would be right.

2451. I am not sure whether it is—

(*President*): It is. It is just under £1.248.

2452. (*Mr. MacLaren*): The additional 0.3—in addition to £1.2m.—can you tell me where that would fall, on what category of fares in the London Transport system?—Yes, I think so. I will have to do a little arithmetic to get that answer. On the London Transport ordinary fares the £1.2m. included £884,000; the £1.1m. includes £1,131,000, so that there is an increase in the yield from further raising of sub-standard charges on the ordinary fares of London Transport, railway and road services taken together—£247,000.

2453. Yes, I see.—In the case of early mornings, the £1.2m. included £125,000; the £1.1m. includes £175,000, so that there would be an additional £50,000 if all the sub-standards were raised as far as is practicable. In the case of seasons, the £1.2m. included £153,000; the £1.1m. included £194,000 for seasons, and the increase in the yield from the treatment of sub-standard seasons is £39,000. Now we have been talking of £1.1m. To make the arithmetic right, we must take the accurate figure of £1,164,000. That is the figure that is commonly referred to as £1.2m.

2454. (*President*): I was wrong, obviously, Mr. Valentine. If you look at CC/H. 101, which I gather is based on figures supplied by the Commission, and you compare in the total column the total increase from the alteration of charges and then look at (a)—which I understand to be the figure after the modifications as announced

in the House of Commons on the 16th June—the (a) figure is £11,236,643 and the difference there is £1,248,000. Is it not?—Yes, Sir, that is right. That includes London Lines. All the figures I have just been giving to Mr. MacLaren were London Transport only.

2455. So then, by the process of subtraction, we can get the small figure attributable to London Lines charges.

(*Mr. Harold Willis*): If you turn, Sir, to CC/H. 102, the arithmetic is rather conveniently done, on that document.

2456. (*President*): Yes, I see. Thank you, Mr. Willis. In line 9—London Lines accounted for £53,000 from sub-standard fares included in the March revision and put back in August. So the total London area figure is the sum of the London Transport figure of £1,164,000 and the Railway Executive London Lines figure of £53,000.

2457. (*Mr. Willis*): Could you help me, Mr. Valentine. These figures do not agree precisely with the figures on CC/H. 102. They are substantially the same, but there are minor differences.—I understand the difference is due to the omission of shift work in one calculation and the inclusion of it in another, but why that is done I am not quite sure.

2458. (*President*): I had forgotten that the Government intervention went further than the sub-standard.—Yes, it did. It had the effect of reinstating shift working facilities, which had been withdrawn in March.

2459. I thought we were treating the shift working facilities as an instance of sub-standard fares; it probably does not matter very much.

(*Mr. MacLaren*): Mr. Valentine, the matter which I hope you will be able to help me over so far as the raising of sub-standards is concerned is this: if I may put it this way, the gross receipts in "Y" year at present charges from sub-standard fares would, of course, be substantially less than the gross receipts from the whole of the London Transport Executive system, would it not? The sub-standard element in the ordinary fares, for example, of the London Transport Executive, will only be a part of the total yield from the fares calculated?—There is no yield in our estimates for Exhibit B.T.C. 510 from special treatment of sub-standards.

2460. No, I may be using the word "yield" unfortunately. I am trying to say this: shall we take CC/H. 101 and look at the London Transport Executive Railways. We have "X" year at existing charges, £10,244m. Now part of that revenue comes from sub-standard charges and part does not. Is that right?—Yes.

2461. So that increases from sub-standard fares are increases on a smaller sum?

(*Mr. Harold Willis*): What increases in sub-standard fares are you referring to?

2462. (*Mr. MacLaren*): The ones we have been discussing—£1.5m. These increases would be on a much smaller sum than the £10,244m., would they not, Mr. Valentine?—Yes, they apply to certain fares—not to London.

2463. Have you any figures for the fares to which these increases would apply to the revenue gained from these fares?—I do not think we could do that. You are really asking, I take it, that in the present revenue from fares, which are sub-standard?

2464. Yes.—We might be able to make some sort of an estimate of it.

2465. Mr. Valentine, I should be grateful if you could assist me on this.—I do not think we could possibly do so on road services. We did do that at one time—right back before 1950—and I think gained some information on it for the 1950 hearing in relation to railways. It did not produce a very reliable and accurate set of figures, but it has been done to that extent, to find what proportion of revenue has been derived from standard fares and what from sub-standard. I believe it was a very laborious calculation which we did for the 1950 hearing, and there was an exhibit about it in that hearing.

2466. I am much obliged, Mr. Valentine; I will have that looked up. On that question, of course, the number of sub-standard fares has fallen since before the 1950 Inquiry. I do not know to what extent, but it has fallen,

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[Continued]

has it not?—Yes, it must have done, because of what was done in the 1950 revision. My recollection is that that was quite a prolonged job, getting that material together, and not very valuable when it was done, because it could not really do more than give a very rough idea of the proportion of travel at sub-standard fares and the proportion of revenue derived, and we have not repeated that investigation.

2467. Thank you. No, I would not press you on this matter. It was really largely to get the shape of it that I was concerned—the broad relationship between the revenue from the sub-standard fares and the increases that it is proposed, after the undertaking lapses, would be permissible on those fares.—I am afraid I cannot help you further at the moment.

2468. (President): We did not have an estimate last time, except in relation to shift workers, I think. We had examples, I believe.—That is right, Sir. And, of course, because of the lack of precise statistics of the revenue at present derived from sub-standard fares, all the estimates of the yield from increasing them nearer to the standard are no better than informed guesses. The £1.2m. that you speak of is not a calculated figure. It is an estimate which could be quite wide of the mark.

2469. (Mr. MacLaren): As you please, Mr. Valentine. I rather felt that the situation probably was that you did not, in fact, know as a matter of precise information what your sub-standard fares, as distinct from the London fares, are yielding in revenue.—The status of the figures and the extent of our knowledge was explained very fully in statement B.T.C. I at the last Hearing.

2470. (Mr. Harold Wills): Paragraph 115, is it not?—It is more than one paragraph, but that is about the point. There was a whole section in B.T.C. I which dealt with the proposed treatment of existing sub-standard charges and the basis upon which we had arrived at our estimates. And also in that section we described the practical limitation on our ability to raise all sub-standard charges strictly to the standard. And really I have no later information or anything to add to what is contained in that section of B.T.C. I on sub-standard charges.

2471. You are referring to part 7?—No, part 8.

2472. (President): The relative table is 218, sheets (b), (c) and (g). The estimates there are, as in the part of the memorandum, guarded.—Yes, Sir, they must be.

2473. (Mr. Poole): That table to which you were referring is A.D. 45, is it not, on page 181?—I was one wrong. I thought it was 44.

2474. It is page 181.—Thank you, that is the table I had in mind.

2475. (Mr. MacLaren): If we may leave that subject now, I would like to understand, if I may, the figures you gave about saving in car miles, exhibit 501. The figures which you gave, showing the relationship between the two columns in that table—page 139—as I have noted them were a saving of 1.3m. car miles on uncoupling.—Could I just pause while I find that?

2476. Certainly. It is question 2110, I think. It is the paragraph describing the effect as between 1952 and "Y" year of the extended practice of uncoupling.—Yes.

2477. I understand that you were saying that the saving in car miles on uncoupling was 1.3m. car miles, as between 1952 and "Y" year. Is that not right?—Yes, a saving in "Y" year as compared with 1952.

2478. 6.3m. car miles, resulting from planned economy?—Yes.

2479. Which gave you a total saving of 7.6m. against which you had to set 1.4m. car miles for longer trains and additional mileage for the Coronation?—Yes.

2480. Giving you your resulting figure of 6.2m.?—Yes.

2481. Mr. James gave me some figures at Day 8, page 134.—That was question 2015. I was asking, you see, about the saving figure he gave of 0.2m. train miles between 1950 and "Y" year, and I was told that there was a saving of 1.5m. train miles resulting from economies. There was additional train mileage, as a result of uncoupling, about which you were speaking just now, of 1.2m. train miles, and there was an additional 0.1m. train miles which I have not broken down in detail. If you

add those up—minus 1.5, plus 1.2, plus 0.1—the answer is minus 0.2.

2482. That is comparing 1950 with "Y" year instead of 1952 with "Y" year?—Yes.

2483. (Mr. Poole): Is there not a difference between train miles and car miles?—Certainly, the figures that Mr. James gave were train miles; that was the difference between his figures and mine.

2484. (Mr. MacLaren): I beg your pardon.—We are talking about two different things, I think, Mr. MacLaren. The figures I gave were car miles. Thank you, Mr. Poole; I had overlooked that.

2485. I think the saving in car miles between 1950 and 1952 was—I am afraid I have not the note—18m. in round figures as far as I remember.—18.1m.

2486. I am obliged, 18.1m. What I seek from you in this connection, Mr. Valentine, is the car mile saving which you have described here, which can be related to the train mile figures given by Mr. James. It is plain the saving of car miles has a different significance from the saving of car miles when it comes to cost?—Yes.

2487. Have you the information as between the change in the train miles as between 1952 and "Y" year?—I do that readily just at the moment.

2488. If you please, but it is a figure that can be supplied?—Yes, certainly; but what I think you may be puzzling over is how there is such a very big difference between the variation between train miles and car miles in comparing 1950 with "Y" year.

2489. Yes.—On the uncoupling, comparing 1950 with "Y" year, car miles go down 12.9m., and in respect of precisely the same change of operating practice, uncoupling, the train miles go up 1.2m.

2490. So the increase of 1.2m. Mr. James gave in evidence is the equivalent of a reduction in car miles of?—12.9m., that is as between 1950 and "Y" year.

2491. So when we regard this—it was referred to, I think in another connection—in connection with items of cost, we have a saving in cost of 12.9m. car miles, which is a saving on electric current mainly, is it not?—Mainly, yes.

2492. And items of maintenance, I suppose, and against that the increased cost of the train miles?—The increased costs arise mainly in the staff.

2493. Is there a substantial increase there? Are these trains run by men who were engaged in any event?—There is not much increase, but there would be a little in the staff actually employed in running the trains in service. But additional manpower is required in connection with the actual uncoupling operation and running away the unused portion of the train to the depot; and on the recoupling operation for the evening peak. At the end of the day additional manpower is again employed to run up the portion of the train with the portion that has been employed at the peak hour.

2494. So the staff item is really the operation of coupling and uncoupling?—And some extra crews for actual operation on the service.

2495. Have you a figure for the cost of that extra 1.2m. miles on the coupling and uncoupling, including all the staff involved?—No, but I can tell you that the net result of the increased cost is mainly in respect of staff, and the decreased cost is mainly in respect of current. That was estimated before we undertook this uncoupling arrangement to show a small net economy, varying on different lines, but quite small. What we really got out of this uncoupling was a closer interval service, which we hope is more attractive to the public, at no additional cost, in fact, probably with a slight saving.

2496. So the effect of that operation is virtually to give a more frequent service and costs are affected one way or the other by a very small amount?—There is a slight saving we believe.

2497. The increase in wages might affect that, might it not, or is the wage element not sufficient?—It might effect marginal adjustments to the picture because of the changes in the cost of electric current.

2498. The 1.5m. train miles for planned economy presumably was the balance of the car mile saving, was it, on the trains?—Which figure, I am sorry?

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[Continued]

2499. There was a saving of 1.5m. train miles for planned economies, which Mr. James gives, as between 1950 and "Y" year. It is in that answer 2015; 1.5m. train miles. Now that presumably involved train miles. Have you a figure to relate that to car miles?—Yes, the corresponding car mile figure is 7.2m.

2500. And then there is an additional—for sundry trains—0.1m. train miles; have you a figure for that?—2m. car miles.

2501. (*Mr. Harold Willis*): Do I follow that figure right, Mr. Valentine? 0.1m. additional train miles is equivalent to 1m. in car miles?—2m.

2502. (*Mr. MacLaren*): I understand that, but the car mile saving, I think, in 1950 was 18.1m. car miles, was it not?—Yes.

2503. So far we have got?—18.1m.

2504. Have we? Oh, I beg your pardon, yes.—12.9m. saved on uncoupling, 7.2m. saving on planned economy; that is a total saving of 20.1m., less increased mileage for augmentation.

2505. Yes, I follow you now, Mr. Valentine. Now May I turn to the road figures which Mr. James gave at page 134 in question 2005, and he supplements it in 2010? If I understand what Mr. James was saying, he was saying there is an addition of 13.9m. car miles between 1950 and "Y" year at a cost of £1.3m. There was a saving of 8.6m. car miles for planned economies and a saving of £0.6m., and there was?—What was that last remark?

2506. A saving of £0.6m.—Where do you get that from?

2507. May I refer to the answers, they start at 2005, if you have that, it says: "Between 'Y' year and 1950, includes 13.9m. miles for augmentation and development, an allowance of 8.6m. car miles for economies of one kind and another, and an additional mileage of 0.7m. on tram conversion. So that it is built up of a collection of different kinds of mileage to which different kinds of costs apply. If we come back to your point about augmentation and development, there was an allowance of 12.8m. car miles in 'X' year, and there is an actual mileage worked of 13.9m. car miles by the time we come to 'Y' year?"—Yes.

2508. That was the answer that arose about the figure of £1.3m. for additional car miles. It was given by Mr. James. Then, if I could pass to question 2010: "Where do you allow for the 8.6m. reduction. In what item is that?—(A) It is part of the figure which I gave yesterday. I think I said £0.6m. (Q.) So the £0.6m. relates to a saving of 8.6m. car miles on the road. That is what you say, is it?—(A) That is so, yes?"—Yes.

2509. That is part of the figure £0.6m., B.T.C. 402, I recollect.

(*Mr. Harold Willis*): It was taken into account in reaching the figure that appears in line 6402.

2510. (*Mr. MacLaren*): That is right, there was a £0.6m. saving on rail and a £0.3m. saving on road. Now I will just, if I may, return to what I was putting to you, Mr. Valentine? There was 8.6m. car miles saving by planned economy, and there was an additional mileage of 0.7m. arising from tram conversion?—Yes. As between 1950 and "Y" year?

2511. Yes, certainly?

(*Mr. MacLaren*): The figures you gave, Mr. Valentine, as I had them noted, were that on the Central road services there was a saving of 3m. car miles off-peak, which was made up of reductions off-peak of 3.8m. car miles; tram conversion saving of 0.4m. car miles; and augmentation off-peak of 1.2m. miles. That is in answer to Question 2112. On the country buses, by the same answer, you say there was a reduction off-peak of 1m. car miles, and an increase on new routes of—

(*Mr. Harold Willis*): These are 1952 and "Y" year?

2512. (*Mr. MacLaren*): Yes, if you please.—0.9m. and a balancing figure of 1.9m. I want to ask you, Mr. Valentine, about some of these matters in relation to cost, if I may. First of all, the figure for the saving on conversion from trams to buses, given by Mr. James, was £0.3m. Could you look at the 1950 Report, Table VI-5. The deficit on the trams in 1950 was £1,254,172; the working expenses were £3.614m. We were told by Mr. James that he took the working expenses of the buses

replacing the trams and compared it with the working expenses of the trams, and there was a saving. You said in evidence that the increase in revenue by using—I am not quite sure whether you were saying the increase in revenue or the increase of journeys, but the increase by the conversion was 10 per cent.—Revenue. It was an estimate that we included in our estimate for "X" year receipts at the then existing charges at the last Inquiry, and what it reflected was our belief that when the trams were replaced by buses there would be a substantial growth in the traffic in the former tramway area due to the more attractive services offered.

2513. I think you said yesterday that 10 per cent. had been realised.—As far as it can be traced. It is not possible to make a precise calculation of that because the routes are not exact replacements of the tram routes by bus routes, and it is not possible to apportion precisely the receipts of the bus routes now running as between former tramway operations and former bus operations. But from our study of all the figures that are available to us about increased earnings on the bus routes in the area, we think that 10 per cent. has been realised, or thereabouts; perhaps it is more.

2514. Was the 10 per cent. virtually on the 1950 figure? On the £2,359m.?—I have always regarded it roundly as £2,359m. represented by that 10 per cent. That is near enough the figure you will have arrived at I think.

2515. And according to the figures that Mr. James was giving us, the cost of running the buses that earned that traffic is £3.3m., being a saving of something more than that because the prices and wages have risen—a saving of £0.3m. on £3.6m. grossed up to 1952 prices, so it is at least £3.3m.; is that the situation, Mr. Valentine?—I am not sure what you say is £3.3m.

2516. I beg your pardon. May I draw your attention to the cost item in VI-5 for 1950, which is at page 291. The cost of trams is shown as £3.614m. As I understood the evidence given by Mr. James, he said that by replacing trams by buses he made a saving in cost of £0.3m. It was further explained that the £0.3m. was arrived at by expressing the cost of running the trams not in 1950 prices but in 1952 prices, and then finding out what the buses cost, and subtracting one from the other; the result was £0.3m. We all know that prices and wages rates have gone up so what I am putting to you is the cost of running these buses must be something in excess of £0.3m. if the figure of £0.3m. saving is right. Is that not the position?—The working expenses of the buses other than maintenance which have replaced the trams would be greater than the working expenses of trams which they have replaced. That is all taken into account in Mr. James's figure of £0.3m. When the maintenance is taken into account he arrives at £0.3m.

2517. So I was right in saying that, broadly speaking, these particular bus services are costing something in excess of £3.3m.—No; I cannot follow that argument.

2518. I am sorry; let me put it again. The point I am putting to you, and I hope to make it quite clear, is that the cost of running the trams in the last full year was £3.6m. Mr. James told us that he, by replacing them with buses, dropped his cost by £0.3m. and to arrive at that £0.3m. he did not take the 1950 costs of the trams, but he expressed the 1950 cost of the trams in 1952 figures, which of course would raise them, and then he subtracted from them the cost of the buses, the working expenses of the buses, and his saving was £0.3m.—Yes, but Table VI-5 in the Annual Report takes into account, before arriving at the total line at the bottom, certain categories of expense that are not included in Mr. James's calculation. All he gave you was the working expenses of the actual vehicles including maintenance at £0.3m. Depreciation, for example, was not included in that calculation because depreciation was shown in Exhibit B.T.C. 402 in a different item.

2519. Yes, I am aware of that, but the depreciation in fact reduced the saving so did the additional expenditure on electric current.—Yes, but you cannot compare Mr. James's £0.3m. with the total figure on Table VI-5 in the Annual Report, which includes other items not relevant to Mr. James's £0.3m.

2520. Well, Mr. Valentine, I would like to understand this because it is plainly important. Comparing "Y" year with 1950—and that is what Mr. James was dealing

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with, the only saving of which we know by reason of this conversion is £0.3m. In 1950 we undoubtedly have £3.6m. expenditure.—Yes.

2521. What has happened to the items of expenditure to which the £0.3m. does not apply? Where are they?—I could not possibly answer that now.

2522. No.—I am not clear what you do want; you seem to want the "Y" year estimate under all the headings in statement VI-5 of the buses which have replaced the trams, and I would think Mr. James would say that they could not possibly be identified; they are now merged in an integrated bus system.

2523. That is what I expected, and that is why I am pressing this point, because we are told that the only saving is £0.3m. That figure must have been arrived at in some way or other, and I am putting it to you that raising a revenue of £2m. increased by 10 per cent, and increased by the increase in fares of £3.6m. or £3.3m. seems on the face of it to be absurd. Surely there must have been other savings than £0.3m. on the conversion from trams to buses?—Not in respect of the working expenses of the vehicles and the maintenance of the vehicles.

2524. What has happened to the other items? Can you tell me which items the £0.3m. does not apply to?—It does not apply to anything except the vehicle operating costs and maintenance, as I understand.

2525. Maintenance, and depreciation of rolling stock?—No, not depreciation—excluding depreciation. Mr. James said that.

2526. In fact the depreciation figure has been increased?—Yes, it was taken into account in Exhibit B.T.C. 402, Item 2.

2527. I am fully aware of that, but that is a plus and not a minus?—Yes.

2528. I am dealing with minuses. The minus £0.3m. relates to Items 1 and 2, vehicle operating costs and maintenance, does it?

(President): Item 2 includes not merely maintenance but depreciation?—I do not think I can answer that. I presume it does not include vehicle licence duties, from the way it is defined on the document I have in front of me, but it is purely a question for the Accountant. I do not think I can deal with it without the Accountant's advice.

2529. (Mr. MacLaren): Whether you can deal with the details of the figures or not, with the careful watch which is kept on these matters by your Department, which I have no doubt is very thorough, is your impression that the buses having replaced the trams are working at what must be, I imagine, £1.234m. deficit with a saving of only £0.3m. They must be running at a very substantial loss?—No. The whole operation of replacing of trams has been, we are certain, of financial benefit to the undertaking.

2530. But that does not quite answer my question. What I was asking you was whether the buses serving the tram routes are operating at a substantial loss—showing no contribution at all to the net revenue, but the reverse?—We normally have not got the separate costs of operation on individual routes. As I explained yesterday, they have been taken out on special occasions, but normally we use the average cost per car mile of the whole fleet as the assumed cost of any individual route; so that the answer is not available without a special piece of research as to the separated working expenses of the particular routes. Nor would it be practicable really to get at an answer in respect of those routes that have replaced the trams, because many of them run beyond the tramway area and some of them are adjustments of services which were already in existence when the trams were still there.

2531. I appreciate that; I appreciate you cannot probably give detailed figures. All I was asking you for at this stage was your appreciation of the position.—Which is that it has been a financially successful operation.

2532. The amount of that financial success has been a saving of £0.3m. on the cost?—Not necessarily. That is not necessarily the whole picture.

2533. What is the rest of it—on the cost side?—They are mostly not traceable because of the integration

of the bus services that have replaced the trams with the rest of the system.

2534. They may not be traceable, Mr. Valentine, but we start, you see, in 1950 with your base figure, which is adjusted in B.T.C. 402 with a very serious expense item on trams of £3.6m. If it is not traceable, we shall surely have to find some other way of arriving at what those buses are costing?—Why?

(President): What do you mean by "we", Mr. MacLaren—your clients, or the Tribunal, or Mr. Valentine, or everybody?

2535. (Mr. MacLaren): I really meant, if I may say so, Sir, that Mr. Valentine and I will have to arrive at some point of agreement on this matter. However, I think I can assist by another approach to this matter. (*To the Witness*): I understand that the position in regard to car miles replacing the trams—from Mr. James' answer to question 2002 at page 134—was that 4.9m. car miles are used to replace the trams in "Y" year?—No.

2536. If I may read the question: "The point I am putting to you is this: Why should an augmentation and development of 17.6m. car miles cost the Commission £1.2m. and an augmentation and development of 6m. miles cost £1.3? (A) I think you are over-simplifying the picture. The 17.6m. car miles to which you were referring, which was the allowance for additional mileage in 'X-A' year compared with 1950, consisted of 12.8m. car miles for augmentation and development, and 4.9m. additional car miles for tram conversion, representing the difference between bus miles and tram miles?"—Yes, there you have the words "representing the difference between bus miles and tram miles".

2537. I am sorry, that is quite right. Can you tell me what the car miles are for the buses replacing trams?—The 4.9m. which Mr. James gave you is the difference between 31.3m. tram miles no longer being run, and 36.2m. additional bus miles attributed to the replacement of the trams.

2538. And these car miles being run by your buses are part of the integrated bus system on the central buses?—There must be something a little arbitrary in the precise allocation of bus miles to tram replacement, and to the other changes in the bus system.

2539. Yes, I understand that.—There is quite a lot which is arbitrary in attributing that particular part of the central bus operation to the tram replacement.

2540. And in fixing your costs for operating your central buses for "Y" year, has that been done on the basis of the car miles and applying a figure to them—the cost per car mile? In compiling the estimates for "Y" year, have the costs for the central bus car miles been assessed at so much per car mile? Is that how it has been done?—In respect of expenses which vary with mileage.

2541. On operating costs?—In respect of those expenses which vary with mileage, yes.

2542. And when Mr. James states that the saving is £0.3m., is that in respect of those expenses which vary with mileage?—I could not say whether they fall wholly into that category or not. That is a question again which I think I will have to ask the Accountant about.

2543. If you please. If I may pass from that now; as I understand what you are saying about your estimates for "X-A" year, after making allowance for Government intervention and the decision of the Tribunal, you find that your estimate of yield is £0.8m. less than the yield has in fact turned out to be. May I refer you to the figure I have in mind. It is on document B.T.C. 402—the £0.8m. at the foot of the page?

(Mr. Harold Willis): Which line is it?

2544. (Mr. MacLaren): It is line 8 (b). That figure of £0.8m. is your figure, is it not?—Yes.

2545. And that represents the amount by which your estimates of the yield in "X-A" year are less than your experience of the yield in 1952 from the increased charges. Is that right?

(Mr. Harold Willis): No, it is not.

(The Witness): I do not think it is. I did not understand the question but it did not sound right.

(Mr. Harold Willis): Perhaps I can help my learned friend. The £0.8m. represents an estimated increase of

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traffic in "Y" year as compared with the level of traffic assumed for "X-A" year, and Mr. Valentine did describe how that figure was arrived at.

2546. (*Mr. MacLaren*): Yes.—It is not a failure to realise some yield; it is the money value of a higher level of traffic in "Y" year than was assumed in the estimates for "X" year.

(*President*): That is paragraph 6 in B.T.C. 5, I think.

2547. (*Mr. MacLaren*): Yes, Sir. Mr. Valentine, I read Paragraph 6 of your statement, and evidence, and this £0.8m. is your estimate of the yield of the additional traffic mainly on country buses and coaches. Is that right—the traffic additional to your estimate?—Yes. The implied higher level of traffic now assumed under the "Y" year estimates than was previously assumed in the "X" year estimates prepared nearly two years ago, as I said yesterday, is mainly accounted for by a greater expansion of traffic on country buses and coaches than was foreseen two years ago.

2548. How much—if you could tell me this—of that £0.8m. was realised in 1952. Your "Y" year estimate varies slightly from your 1952 estimate?—Is that not the same thing as asking what is the difference between the estimated total traffic receipts on 1952 and "Y" year?

2549. In respect of these? Surely not, Mr. Valentine?—Adjusted to a common fare level, which you have to do first.

2550. That is not the information I was requiring. As I understand your answers, the £0.8m. relates to the country buses and coaches; is that right?—Yes, mainly. Any material items in arriving at that, yes.

2551. Would you say it is substantially on those items?—Yes.

2552. How much of it would you say—nearly £0.8m. or £0.7m.?—Fully £0.8m.—if anything just a little more.

2553. Therefore, £0.8m. is an increase on your country buses and coaches beyond your expectations?—Two years ago for the purpose of compiling the estimate for "X" year.

2554. Yes, certainly. May I now look at B.T.C. 218A, Appendix C, which is at page 150 of the transcript of the last Inquiry. The estimated yield of the country buses is, I imagine, the total of the "X" year existing charges, column 6, plus column 8; is it not?—That would be £3,94m., in round figures; is that right?

(*President*): I do not understand that. Column 6 is the "X" year estimate of yield from country buses at the charges then ruling.

(*Mr. MacLaren*): Yes, and the discounted yield in column 8 together gives the forward estimate of the total yield.

(*President*): At the charges proposed.

(*Mr. MacLaren*): At the charges proposed. I only want to get the broad shape of this; detailed figures are not important. That is about £4m., and on the coaches there is another £1.8m. roughly, giving £5.8m. altogether. The error in estimating was £0.8m. on that figure.

(*Mr. Harold Willis*): The error as between what?

2555. (*Mr. MacLaren*): I am not accusing anyone of making errors, but the amount by which the traffic realised on country buses and coaches has exceeded the expectation expressed in these estimates is £0.8m. on those figures?—No, it is nothing to do with these figures. The £0.8m. is in respect of developments not taken into account in these figures—subsequent developments of country bus and coach services. In the case of coaches it is partly an unforeseen expansion of the traffic. "Y" year in the case of coaches shows the value at to-day's fares of a larger traffic than was put into the "X" year estimate for coaches at the then existing fares.

2556. All I am putting to you is that this £0.8m. represents the expansion in travel on coaches and country buses above what you expected when you made your estimates in 1950?—Above what we expected for "X" year, yes.

2557. Of course, "X" year is not any identifiable year; that is the problem—it is certainly not 1953 or "Y" year.

2558. If it was anything, it was 1952?—Yes, which is not the same as "Y" year.

2559. That is why I asked you, and you said you could not tell me what the figure would have been if instead of £0.8m. for "Y" year you had had a figure there for 1952. How much has "Y" year raised that £0.8m. above the 1952 level for country buses and coaches?—You could not readily deduce that from the 1952 figures without making adjustments for the fact that you have three levels of fare in that year.

2560. Yes, I appreciate that. I am certainly unable to do it.—Is there anything that you would like us to do? I will try to be helpful if I can.

2561. What I am trying to get at is this, and it seems simple enough: The quantum of traffic, on which the increase has been, was the amount of traffic in "X" year at existing charges, on the best estimate that you could then make of the traffic on country buses and coaches, was it not?—Yes.

2562. And was intended to be 1952, as near as you could estimate it?—Yes.

2563. On that estimate you now have to increase the figure by £0.8m. for an expansion which was not foreseen?—At a new fare level, yes.

2564. The fare level is not more than was anticipated in "X-A" year?—No, not more than if you add together the "X" year forecast at then existing charges with the estimated discounted yield at that time—not more than that, I agree.

2565. Yes, and that is what I sought to do.—Except that you only took part of the traffic. You have taken the bulk of it, you have taken the ordinary fare traffic, but that is not quite the complete picture, because there is early morning travel.

2566. Yes, I beg your pardon, that is so. In round figures it does not make a great deal of difference, does it—something in the neighbourhood of £5m., is it not, the basic figure.

(*Mr. Harold Willis*): The basic figure for what?

2567. (*Mr. MacLaren*): For "X-A" year on country buses and coaches.—At present fares?

2568. At present fares, yes.—No, much more than that.

2569. I am sorry, it is considerably more than £5m.—I have a statement here which may help you. I have just been handed this statement, which shows gross traffic receipts in "X" year at revised charges in operation since 31st August, 1952, and the country bus total is £3,985,000, and the coach total is £1,867,000.

2570. That is for 1952, did you say?—No, that is the gross traffic receipts in "X" year. It is an estimate, but expressed at the revised charges as they came into operation last August.

2571. If you please.—I think that is what you have been looking for.

2572. Yes, I am much obliged. That makes £6.152m., and it was on that figure that the traffic was increased by £0.8m., or it is anticipated that it will be increased in 1953 by £0.8m. That is right, is it not?—It is a little more than £0.8m., as I said. The gross traffic receipts in "Y" year, comparable with those figures, are £4,800,000 for country buses, and £2,500,000 for coaches.

2573. (*Mr. Harold Willis*): It is B.T.C. 510, cols. 8 and 10?—Yes. Those figures I have just given you, as Mr. Willis says, are already on the exhibit.

2574. (*Mr. MacLaren*): I am much obliged, £1.148m. I presume there is some other figure which comes into the picture to produce the £0.8m. on B.T.C. 402; is that right?—What is the difference? It is practically £1m. on the country buses and coaches, is it not?

2575. £1.148m.—In the roundings I have got it as £1m., and £0.2m. less on railways.

2576. So it is approximately £1m. in £6m. increase in traffic, which is a very substantial increase, is it not?

(*President*): I have already intimated an aversion for the practice of asking a technical witness what adjective he would apply to the proper description of an arithmetical calculation.

2577. (*Mr. MacLaren*): It is £1m. on £6m.—Accompanied by a large expansion in mileage and population served.

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2578. That development of those services is, as I understand the statements, largely the result of the development of building and new towns?—Yes. There is a great deal of housing development going on in the area served by our country buses, including developments at certain of the new towns.

2579. In estimating forward the revenue from the additional mileage on these services have you taken a figure per car mile as your basis of estimate on the development?—On the development and augmentation mileage, yes. That is quite an arbitrary figure of 18d. per car mile.

2580. 18d. per car mile, I suppose, even on the country services, is substantially less than the cost per car mile?—Certainly, and it is less than the average earning of established routes, because our experience goes to show that, generally speaking, when we have, as a public obligation, to put on additional mileage to meet new developments, it does not produce the good traffic, to begin with.

2581. In estimating forward in 1950 for your revenue from these country services and coaches, you were estimating forward for additional mileage for the development of new services and augmentation, were you not?—I think there was an element of that in the "X" year estimates, as far as I remember.

2582. I suppose you took the same figure for that?—Yes, and the same figure for augmentation and development in the central area and in the country area.

2583. If you please. Experience of the augmentation in the country areas is producing some figure per car mile which is presumably in your "Y" year estimates for your existing country buses and coaches. Can you give me the figure per car mile in fact being earned by the services now established?—All the services?

2584. The country buses and Green Line coaches.—In what year, 1952?

2585. If you please, or if you like "Y" year?—If you take all services and want it for "Y" year, it is merely a matter of dividing the receipts by the car miles to give the receipts per car mile. I do not see how I can pick out particular routes for you.

2586. I am not asking for particular routes; I am asking for country buses and coaches.—Excluding augmentation and development. You are asking for particular routes and what is more, sections of routes, because much of this development is done by extending existing routes.

2587. I understood that in your "Y" year estimates your additional mileage was estimated to receive—what was the figure again?—18d.

2588. 18d. per car mile?—Yes, quite an arbitrary figure.

2589. That is mileage which is not yet running?—Some of it may be, but not much yet.

2590. Surely that figure must have been added to a figure for revenue from these services in "Y" year in respect of the existing mileage which you have when you enter "Y" year, or rather you have at the moment. What I was seeking to discover was what these car miles were earning now?—We did not do it quite in that way. As I explained yesterday, we assumed in building up the "Y" year estimated traffic receipts for the whole of the London Transport undertaking that we would have about the same level of traffic in 1953 as prevailed during the later months, excluding December, of 1952.

2591. Yes.—That got us to a figure of round about £673m. for the whole undertaking. Then I said we considered the new factors that would arise during 1953, which might tend specially to raise or lower an estimate of £673m. There were some favourable and some adverse factors, and among the favourable factors the principle one was the additional receipts we might expect to get from the substantial augmentation we expected to have to do in the country area and for which we have allowed in the mileage, but we never quantified that or any other of the adverse and favourable factors specifically in arriving at the "Y" year total estimate, £673m., which was a little higher than the £673m. which was our starting point before we finally agreed on the figure. If you attribute to the additional country bus mileage area all the development mileage in the "Y" year mileage figures,

traffic receipts of 18d. a mile, as we did at the last hearing, that would account for something like a quarter of a million pounds in our total "Y" year estimate of £673m.

2592. Is all the mileage, country buses, coaches and Central London, put in at the same figure—the additional mileage—on the costs side, or is that separately estimated?—As I say, it was not put in at a figure. I am now putting a figure on it. If you value the additional mileage on the country buses and coaches at 18d. per mile included in the "Y" year estimate and in excess of the mileage run in 1952, then the value of that in traffic receipts would be about a quarter of a million pounds.

2593. In feeling your way towards this figure, was that the kind of figure you had in mind for the earning capacity of this additional mileage?—I do not think we went through the process which you seem to be describing at all.

2594. I would like to know how much revenue you expect in your estimates for this additional mileage—the estimates you are putting before this Tribunal.—It is very difficult to forecast the earning value of new routes introduced in a new town or serving new housing development. I am reasonably satisfied that 18d. a mile would be a proper figure to put on that additional mileage.

2595. If you please. Now may I ask you the other question to which I had come: In assessing the cost of these additional miles, what cost is put upon the additional mileage of country buses and coaches? It is worked on a mileage basis, as I understand it?—I think so, yes.

2596. Do you know what charge per mile is made in respect of these two services for additional mileage on the costs side?—Presumably the average cost per mile of the whole of the country bus services and coach services respectively.

2597. Is that 2s. 5d. per car mile for the country buses? Is that the figure?—No, I do not think so. I think the figure of 2s. 5d. which I quoted yesterday was the average cost per car mile of central buses.

2598. Do you know the figure that was applied to the country buses?—Not off-hand, no.

2599. Presumably that could be obtained. It would be substantially more than 1s. 6d. per car mile at any rate, would it not?—Yes.

2600. In the light of your recent experience, do you expect the additional car miles to yield a growing revenue as they become established, when the new towns get established?—I would hope so, yes, in due time.

2601. How long do you think it will be before they are covering their working expenses—the additional miles I am speaking about?—I do not know that they ever will, but I hope they will, and I hope they will do so soon. It depends entirely on the habits of travel developed in places now in course of coming into existence, and a lot depends upon the rate of progress with housing. I could not forecast the rate of development, or indeed how remunerative those routes eventually may become. Some of them may develop very brisk traffic and be very paying routes in a few years' time. Others may not.

2602. You are quite unable to put any estimate on that?—Quite unable, yes. The use of that figure to 1s. 6d. per car mile is quite arbitrary. In the result we may find some routes earning much less than that and others starting off very much better, but in general our experience with new routes put on to meet housing development, and so on, is that they are a good deal below the general average earning level of the fleet as a whole when they are introduced, and for some time to come, with very varying intervals before they build up the traffic.

2603. So that treating "Y" year as 1953, you do not anticipate that you will obtain more than 1s. 6d. per mile from these car miles, but looking further ahead, you hope that that revenue will rise at least up to your working expenses. Is that the position?—The country buses are not to-day as a whole earning revenue up to their working expenses, so that while I would hope that would happen—and it depends in part on the level of fares in the future—I would not go beyond saying I hope it.

2604. With regard to the Green Line coaches, are they earning their working expenses?—Yes, with quite a handsome margin.

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2605. (*President*): What is the exact distinction between a Central bus service and a Country bus service? Is it purely geographical?—They are organised in two quite separate departments. They are easily distinguished by the public by the fact that the Central buses are red and the Country buses are green. The staffs of the two sections have separate agreements as regards their wage rates and conditions. They overlap in certain areas, necessarily, round the fringe of the solidly built-up part of London.

2607. (*Mr. MacLaren*): There is one point with which you dealt in several ways, and that was the increase in the cost of travel for the Londoner?—Yes.

2607. You gave several figures, I think, and compared the increase in fare levels calculated in the ways you stated, with the increase in costs over pre-war?—Yes.

2608. While those figures of those calculations are very interesting, the fact that remains is that the public who travel, do in fact find your revenue; they provide you with your revenue. That is right, is it not?—Yes.

(*Mr. Harold Willis*): We agree with that, I think.

2609. (*Mr. MacLaren*): So that except that the number of persons travelling increases—except so far as that affects the matter—the travelling public are paying the whole of the increase. That is right, is it not?—I do not understand your exception.

2610. The whole of the increase of your costs, whatever it may be, if it is passed back in fares, means that the people who are travelling by your services pay all of it. That is right, is it not?—Practically all, yes.

(*President*): When they are all paying.

2611. (*Mr. MacLaren*): When they are all paying. They pay all that are paid. (*To the Witness*): What I am putting to you is this, that except for growth of population or factors of that kind, which are giving you a greater number of people travelling, it becomes entirely academic whether the fare goes up by 10 per cent. or 70 per cent., because the people who are paying your revenue are paying the whole of the increase?—That is the first time I have heard it stated that it is immaterial whether it goes up by 10 per cent. of 70 per cent. If that were really true, it might shorten the proceedings a good deal.

2612. (*President*): Mr. MacLaren did not say immaterial, he said academic.—Perhaps that was an unfair change of adjectives.

(*President*): People very often treat the two adjectives as meaning the same thing. Mr. MacLaren, we had better get on with this academic matter, because I thought that is why we are here.

2613. (*Mr. MacLaren*): Yes. (*To the Witness*): Another way of considering this matter is the price paid per passenger journey. That would give you quite another figure, would it not, for the increases which are being borne by the public?—Not if you apply it to comparable passenger journeys.

2614. I mean simply comparing the cost per passenger journey pre-war with the cost per passenger journey in, I think the years that were taken were 1938-39, "X" year and in "Y" year at existing charges and "Y" year at proposed charges, the price per journey paid brings you nearer to what the individual is paying over what he paid before, than any other calculation of this kind, does it not?—I should not have thought so, no, because it depends how long the journeys are and how many journeys he makes, before you know how it affects the individual.

2615. It obviously depends upon how many journeys he makes, but that is the unknown factor in all these calculations, is it not?—As regards particular individuals, We have no exact information on that, of course, on the averages.

2616. No, but when the discussion turns to the increase in traffic cost to the public, that is what matters, the increase in what the individual has to pay for travelling. That is right, is it not?—I presume so, but I do not know what you mean by "traffic costs" exactly.

2617. I am so sorry; shall I say what it costs the traveller in fares—the increase in the charge to him depends upon how much he has to pay over and above what he paid in 1938-39, or, as the case may be, whatever other date is taken.—I really do not know what you are putting to me, I am sorry.

2618. I am trying to put to you that there are other ways of considering the increase in the level of charges which are being made on the travelling public than the ones which you have suggested, and I am suggesting that the real increase is the increase which the individual has to carry out of his budget for travelling?—No, I do not think that would be a fair way of dealing with it at all. Suppose everybody elected to travel twice the amount, then you would say the cost of travel had gone up double on your approach. That does not seem to me at all a fair way of looking at it. If people use more, they expect to pay more.

2619. Yes, precisely.—If you have two pints of beer, you do not say: "That was a very expensive pint".

2620. And that is why I was suggesting that the nearer way of approaching the increase in the cost of travel to the public is to take the cost per passenger journey?—No, it is not, because the passenger journeys are all different sizes. That is why the proper yardstick is the passenger mile, for the real cost of travel. You do not compare the cost of two pieces of material by saying: "This bit is twice as expensive as that", and then find that you have three yards more in it and ignore that fact. You price it by the yard.

2621. The point I was trying to put was this, that in the matter of a public service of this kind, the development of new towns and the growth of development in London means that people necessarily have to travel further. It is not a question of their taking two journeys instead of one. What I was suggesting was that the increased cost of travel to the individual, looked at from the point of view of the man who is travelling, is the journey he has to make and what it costs him. It is, after all, if I may say so with great respect, the commercial point of view, for it is that figure rising which is going to be the deterrent to travel. It is not the cost per mile, it is the cost per journey made.

(*President*): You will develop it when you address us. Anyhow, you want at some stage to put to Mr. Valentine, I gather, the cost per passenger journey, and possibly the cost per head of population in London?

2622. (*Mr. MacLaren*): I do not think I will carry it that far. I think we have had that before, and I do not know how the figures have changed. The figure with which I have been supplied shows that in 1938-39 the passenger traffic takings were £29,824m.—Of the London Passenger Transport Board is that?

2623. Yes, certainly, for 1938-39. The number of passenger journeys originating was 3,782,000,000, and I am told that the price paid per journey on that basis is 1.89d.—It sounds about right.

2624. The figure for "Y" Year for passenger traffic takings as estimated was £65,781m. and the passenger journeys originating 4294.9m., and the cost per passenger journey 3.68d.—That is supposed to be the "Y" Year figure, is it, 3.68d. for the whole of London?

2625. Yes.—I expect that is about right.

2626. As regards the proposed charges in the Scheme, subject to a certain limitation, the revenue is £70,769m., the journeys the same as before, 4294.9m., and the average cost per journey 3.95d.—Those last two figures, if correctly calculated, could be comparable, but the first figure of 1.89d. relates, of course, to quite a different length of travel.

2627. (*President*): Those show quite a different distribution of traffic between the people who travel at one time of day and another?—Certainly there have been some changes in that which would affect a calculation of this kind.

2628. (*Mr. MacLaren*): I will leave this matter until it comes to the stage of argument, if I may.—We will check those figures and let you know if we disagree with them.

2629. Now, Mr. Valentine, I want to turn to your Statement 5, paragraph 13, on page 9 of the Report. You state here: "The primary object of Part III of the present Draft Scheme is to increase the revenue derived from the London Transport traffic by about £5m. in a full year."—Yes.

2630. And of course traffic for London Transport Executive?—Yes.

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[Continued]

2631. And that was the target figure, as you said in chief, at which you were given to aim in your Scheme. That is right, is it?—Yes.

2632. As we have heard from Sir Reginald Wilson, that figure is arrived at by assessing what it would cost to put the London Transport Executive on its own feet, paying its share?—Yes.

2633. That of course is what your proposals so far as they relate to the London Transport Executive are intended to do?—Yes.

2634. The amendments in the London Lines resulting from your Scheme are purely consequential, are they not, on the changes in the London Transport Executive Scheme?

(*Mr. Willis*): The relation of the London Lines to the Scheme was explained, I hope accurately, by me in opening the case.

2635. (*Mr. MacLaren*): I know the relationship; I was asking about the approach to this problem. The change in London Lines was simply an extension of London Lines necessary to raise the £5m.?—So far as the matter was dealt with on the technical side that is correct. The approach to the proposed alteration of the Railway Executive London Lines fares was that they must be kept in step with those of London Transport, for the reasons so fully explained in 1950.

2636. Yes, I appreciate that, Mr. Valentine, but your problem was, as I understand it, to propose a Scheme that would raise £5m. or thereabouts from London Transport Executive, and then it followed?—No, it was never put particularly in that way. Everyone knew from the start that the Scheme for London Transport Executive would include Railway Executive London Lines.

2637. The figure resulting from the changes in the proposed charges on London Lines is purely consequential on the changes on the London Transport Executive, is that not right?—I do not know what you mean by "purely consequential". They are correctly related to the proposals for London Transport Executive according to the principles we have observed before and which, so far, the Tribunal have approved.

2638. If you please, Mr. Valentine, but you had not a target of saving £1m. or thereabouts for London Lines?—No; we said we want a scheme for London area because we know for a charged scheme we cannot have a scheme for London Transport alone without upsetting the assimilation. We knew the target for London Transport itself was a minimum of £5m. and at that stage, before we had calculated just what yield we would get, we knew that the total value of the scheme would have to be something over £6m.

2639. The only point I want to put to you on this, Mr. Valentine, is that it being desirable to preserve the relationship between London Lines and London Transport Executive for alternative routes of the same journey, that being desirable, judging the financial needs of the Commission by reference to the London Transport Executive's needs as such in arriving at costs, and then applying the Scheme, applying the principles of assimilation, is to apply a remedy to one set of circumstances for costs arising in another, is it not?—Not necessarily; if that was what was done it could operate either way, could it not?

2640. Certainly it could operate either way; that is what I am putting to you. I am not concerned at the moment which way it is operating, but if it is, as you say, that the London Traffic Area is considered as a whole, as a logical unit, if that is right, surely the target set should not be £5m. for the London Transport Executive, but it should be a sum required by the London area?—It could be expressed that way, yes.

2641. It is not quite a matter of expressing it that way, Mr. Valentine, because it is what the original objective and the original approach should be, is it not?—It is expressed in this form in paragraph 13 of Statement B.T.C. 5 to conform with the approach of the 400 series of exhibits. That is the only reasonable way. The £5m. figure in 13 is merely referred to here as a quotation from B.T.C. 4.

2642. But it is right, is it not, that originally when you began on this operation at all, your first target was the

£5m. from London Transport Executive.—As a commercial man I would never work out a scheme for the London area from London Transport alone.

2643. That is possible, but is what I have put to you the way it actually happened?—One gets asked to look at schemes that would produce that sort of figure.

2644. About £5m.?—A minimum of £5m.

2645. A minimum of £5m. In approaching this problem, Mr. Valentine, I want to ask you about this: You have taken certain principles in mind and the view you take as I understand it is that all fares in the London area should conform as nearly as possible to a standard charge per mile. Is that your view?—It depends what you mean by "all fares". If you mean all denominations should be at the same rate per mile, I would say that is just impossible.

2646. It may be impossible, but what I am putting to you is that it is your objective to move towards that point, with the exception of season tickets at greater distance?—You do not put the question the way I would expect it, but would I be answering you if I said it is our belief that the standard of charge for comparable journeys should be alike all over the system whether controlled by London Transport Executive or Railway Executive London Lines.

2647. And the light charge should be made up of elements so nearly as possible, with the exception of seasons of a light charge per mile?—If that means we are not positively advocating tapering scales, the answer is, we are not. It also means that ultimately we think there ought not to be a lower level of fares before 8 a.m. in the morning, that is also our view.

2648. And I think you express your view very clearly in Paragraph 15 of page 9 of the Exhibit: "While common standard scales of charges on different forms of transport in the London Area have been and remain the necessary basis for a satisfactory and equitable system of charges in the Area, there still remains a substantial number of individual charges which are below the standard, sometimes by large amounts. In the long run passengers fortuitously enjoying these sub-standard charges are being inequitably subsidised by other traffic. In applying their powers under the 1950 Scheme the Commission were able to reduce the number of such sub-standard charges or to reduce the amount by which they were sub-standard." And so on. There are two quite distinct ways of approaching this problem: You can either approach it in the way you have done here with a standard charge per mile as near as can be managed, and the same in all parts of the area; or the view could be taken that regard should be had not so much to the mileage as to what the customer has to pay when he buys his ticket. The principle of the tapering fare is just that, is it not, the higher the charge the more likely it is to detract traffic?—I do not accept that at all. The volume of demand for the longer distances is naturally smaller. The traffic does not tail off for long distances because it costs more. There are fewer people who have the time to spend to go ten miles, apart from the money aspect.

2649. There are always many explanations, but I think you will agree this far, Mr. Valentine, whatever your view may be, it is quite a common practice, is it not, in passenger transport up and down the country for fares to be tapered as the distances grow greater?—In municipal road transport undertakings particularly?

2650. And private road transport undertakings.—Yes.

2651. And main line railways?—Not so much.

2652. Not now, but the old scales contained many tapers.—I do not think so, unless you are going back a long time, beyond my recollection.

2653. The tapering operation is a general principle of bus operation?—Not a general principle; it is a practice.

2654. A general practice?—It is a not unusual practice.

(*Mr. Harold Willis*): Did you object on the ground of absence of taper, Mr. MacLaren? I do not see it in your objections.

2655. (*Mr. MacLaren*): The whole question of sub-standard fares raises the point of taper.—I am afraid I fail to see the connection.

(*President*): It takes a little time to look for Mr. MacLaren's objections, does it not? He appears in more capacities than one.

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[Continued]

(*Mr. Harold Willis*): I was assuming the London County Council, and I see no suggestion in that that a tapering system ought to be introduced in London.

2656. (*Mr. MacLaren*): I am not suggesting that it should be introduced, because it exists. I am asking that it should be preserved. (*To the Witness*): In the development of the Morden and Edgware tube, for example, it is right, is it not, that the charge per mile dropped as mileage increased when the line was first opened and that still the position to-day, I believe?—Yes, there was an element of tapering in the fares fixed at the northern end of the Northern Line to Edgware at the time it was first introduced. So far as the other end of the line is concerned, the effect was the same but the cause may have been different because that line was parallel, closely, to a very heavy group of London County Council trams, so the fares had to conform with the fares already charged on the existing services. The London County Council had a maximum fare to their boundary, regardless of distance, for many years, which in effect was an abrupt element of tapering beyond about five miles.

(*President*): Mr. Willis, since I announced what our future sittings would be, at any rate up to Easter, I have learned that we cannot have the use of this hall on Monday, 30th March, so we shall not sit on that Monday. We shall only sit on Tuesday and Wednesday in that week.

(*Mr. Harold Willis*): Two days. I am much obliged, Sir.

(*President*): One other thing, for more reasons than one I propose to rise a little before four to-day.

(*Mr. MacLaren*): Before I continue my cross-examination, Sir, you asked for the chart numbers of the charts put in in the 1950 Inquiry that showed the peak loadings in and out of the Central area of London. These appear on pages 335, 336, 337 and 338.

(*President*): They are the charts on which, I think, Mr. Valentine said he would not place excessive reliance.

(*Mr. MacLaren*): Yes. They were also the charts in respect of which Mr. Valentine said there were checks made over a period—I think of a month—in each.

There are two documents which have been prepared, Sir. The first I have here—the other is on its way. The first one is a document which will assist the point I wish to put to Mr. Valentine upon off-peak concessional fares, and it is an attempt to show the kind of traffic that is at risk—the kind of loss likely to be involved on the London Transport Executive services upon a quite considerable reduction. I thought—it could not be prepared before his evidence was heard in chief, of course—that it might assist to make the point clear. The other paper, which I am expecting to arrive at any moment, is just a paper which will make it simpler than putting figures one after another orally, showing the kind of fare that is in operation in urban areas outside London. It is a specific example.

(*President*): You want to put these in.

(*Mr. MacLaren*): Yes—whether they need to be printed or not is another matter.

(*President*): I think they had better be printed. It will be L.C.C. 108.

(*Mr. Harold Willis*): L.C.C. 106.

(*President*): Very well. Will the other document be ready to-day?

(*Mr. MacLaren*): Yes, it is on its way. Document L.C.C. 106 is on its way; 107 is the one I have just handed in.

2657. (*President*): Yes; this is 107. Have you got it, Mr. Valentine?—Yes.

2658. (*Mr. MacLaren*): Mr. Valentine, I was asking you about the policy or the practice, if you please, of tapering fares as practised by the passenger services outside London. It is a fact, of course, that you had, in the London area, sub-standard fares, as they are now, which are in fact the remains of tapering fares.—That was the origin of some of the sub-standard fares.

2659. Yes, precisely. So the practice has applied to London as well as to outside London?—On certain lines, yes.

2660. The London County Council, when it controlled the tramways, used their trams, did they not, to assist the movement of people from the crowded centre of London to other housing estates?—No doubt passengers made journeys to reach those housing estates, yes.

2661. And they provided a separate tapered fare for that purpose, did they not?—I can imagine that that is right, but it is not within my knowledge. I expect it is quite right.

2662. If you please. From the point of view of the London County Council or any other Local Authority, the fundamental expenses of the citizens to which they have to have regard are the cost of housing and the cost of travel. That is right, is it not?—I do not know why you should pick out those two items of expense in particular and say they are fundamental. I thought the fundamental expense for everyone was food.

2663. When you are concerned, Mr. Valentine—and I believe you have been concerned in this yourself—with the problems that arise such as overcrowding or the distribution of population over your area, rent plus the transport involved in living where you do live is a fundamental fact in the situation, is it not?—It is a fact in the situation, yes.

2664. You have heard, Mr. Valentine, that it has been the kind of calculation which Local Authorities who have long experience in these matters frequently have made. Would you accept it that the policy of the steadily tapered fare on the London trams was to encourage people to live where, in the view of the housing and health authorities, it was thought they should live?—It is possible, but it can have had very little effect so far as the London County Council is concerned, because the distances were quite short and the amount of money on the tapering was usually only a very few pence. Nevertheless, it is true that a great many municipalities which are responsible both for transport and housing do tend to offer favourable rates on their transport undertakings to their housing estates.

2665. And it would be right to say, would it not, that the extension of the Morden Tube was not unconnected with the St. Helier Housing Estate?—I forget which came first. They were not unconnected.

2666. Exactly, and they were in contemplation at the same time.—Probably. That is going back into the 1920s, and I would need to look up the history to be sure.

2667. If you please. Underlying the practice of the tapered fare does there not lie this commercial fact? Once a vehicle is manned and on the road, to encourage travel over some considerable distance on that vehicle is of assistance to the operator, is it not?—If it increases the net revenue, yes.

2668. I think you were making a point a little earlier on about the Coronation service, that you may find yourself having to run your trains full length in London, in order to carry dense traffic over relatively short distances—in the centre of London.—Not necessarily only that. There might be a considerable growth during Coronation period in traffic from the suburbs, returning later in the day.

2669. So I imagine would be the case. I understand that you would be involved in expense in electric current by running your train full length. I believe that that is the only expense that would be involved?—The only important one.

2670. And you sought to offset against the additional traffic, that increase in the cost of current. I understood from you that it would only be a matter of offsetting against your Coronation receipts of your additional cars, if they were used over a relatively short part of their run. Surely if they are engaged throughout it would be very favourable, would it not?—Well, it would be more favourable if the average loading is very high than if the average loading is not so high; that is very clear.

2671. Let me return to the point I am seeking to make. If there are certain points on the service which necessitate its being run at a certain density to deal with the traffic, it is an advantage to the operator to encourage traffic that will carry him through the other parts, which will give him revenue over the other parts of the run?—I do not think you are being realistic. You seem to be suggesting that if one runs a service on tube trains for any line you like to say—take Edgware to Central London

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[Continued]

and Morden—that it would be more favourable if the train were full all the way between Edgware and London than if it were full only towards the centre. But that observation doesn't lead us very far, because it would presuppose that the train is full up by a load obtained at Edgware, and that some other facilities would have to be provided for carrying passengers from Golders Green. If you could find us a traffic from Golders Green which would enable Edgware people to get out and the people from Golders Green to get in, it would be more realistic. But there is not much likelihood of that, because nothing—even a bribe—will make people travel in the same volume from Edgware to Golders Green as require to travel from Golders Green to Edgware.

2672. I appreciate that. I was trying to put to you the commercial reasons lying behind the very wide practice of tapering fares of passenger services. It is not done just for the sake of doing it, is it?—No doubt those who introduced tapered fares on those services in the 1920's thought it would have a good publicity value in assisting the development of estates on their particular lines and railways, and would accelerate the day when they would be getting something near a return on the substantial capital they had invested. It does not follow that it was some long-term policy, but it probably assisted at that time in attracting development to a particular area served by these lines, by making the fares, and particularly the season ticket rates fairly cheap.

2673. I am obliged. So far as you are concerned, Mr. Valentine, the policy set out in the 1950 Report in reference to charges, at paragraph 73, quoted several times at the last hearing, is still the approach that you are adopting to-day to the general shape of your fare structure. Can I just refer you to it—it is paragraph 73 of the 1950 Report.

(President): It is page 49.—The famous passage about a slightly lower level of activity?

2674. (*Mr. MacLaren*): That is it. I notice that it has a remarkable resemblance to what you said about off-peak fares, that "a minor reduction would have little effect upon traffic, and to reduce fares by one third to retain the existing level of receipts, without taking into account the extra cost of carrying the increased traffic. A generalised lowering of fares on this scale would in present circumstances result in a considerable working loss. If the public cannot afford to pay for services of a given quantity and quality at the appropriate level of cost, then the quantity or quality of service offered must be decreased, and the budget must be balanced with higher fares at a slightly lower level of activity". Pausing there, for a moment, that is your view of the situation in London now, is it not?—No, that sentence is quite all right, but it is not the complete statement of all aspects of our policy in relation to passenger fares, and it is contingent upon the opening words, "if the public cannot afford to pay for services of a given quantity and quality at the appropriate level of costs", and then the rest of the sentence applies. That situation, to my mind, does not apply to London because I think the public can afford to pay for the services of a given quantity and quality they are now receiving.

2675. You agree that the budget must be balanced with higher fares?—If the public cannot afford to pay for the services of a given quantity and quality at the appropriate level of costs, then you either have to reduce the quality of the service—it is really the only option left to you if they cannot pay, of course.

2676. Yes, the sentence is not too happily worded, is it? "and the budget must be balanced with higher fares at a slightly lower level of activity."—There is an element of contradiction in the sentence as expressed, but not in the sense that lies behind it. Having started with the statement that the public cannot afford to pay for the service, it is a little absurd to say that the budget must be balanced with higher fares. I think the intention of the sentence is quite clear. You will not find many sentences in this Report that have faulty drafting in them; it is a good document.

2677. I really was not attacking the slight contradiction there, but the general opinion expressed. That is your view of the situation in London now, is it not, in its intention?—No, my view of the situation in London now is that the present quality and quantity of service can be maintained if the public will pay the appropriate level of

fares, and the appropriate level of fares will be established if this Scheme is approved. If it is approved I think the public will pay them.

2678. Just to remind you, Mr. Valentine, you gave us in some interesting detail how the services were being spaced out more, and otherwise being reduced to that point where you felt the commercial situation would not permit any further reductions in the service. That is right, is it not?—Yes, there are adjustments of services to meet differences in traffic demand. They have to be set along side the fact that all the time, during the last few years and no doubt in future years, other services will be augmented.

2679. And you have found in practice that that augmentation has been necessary to meet a narrowing peak, is that right? The peak which will maintain its height, but which is narrow?—No, that is taking the history over a rather longer period. The augmentation is necessary to meet increases of traffic where they occur, or concentrations of traffic within a short space of time, to reduce the waiting time, and, of course, it falls into two different categories, usually described as development, in new or extended services where new traffic is arising.

2680. I quite agree, but if you take the figures which you gave in evidence the day before yesterday, in the Central London buses the reductions off-peak are minus 8.3m. car miles; the increase of 1.2m. car miles is at peak. That is right, is it not?—I would not be sure that all the 1.2m. is at peak unless it is specifically described as augmentation.

(President): What was the number of the question?

2681. (*Mr. MacLaren*): Question 2112, page 109. Your answer, Mr. Valentine, was: "To begin with on the Central road services, that is the omnibuses and the trolley buses, there is a net decrease of 3m. miles." Then you go on "There is also in the total Central road services figure a reduction of 0.4m. miles resulting from the tram conversion which is also referred to in paragraph 12. Those two items are partly off-set by provision for about 1.2 additional miles for augmentation of certain services at peak hours."—Yes.

2682. To my mind (and I may have misunderstood) that presents a picture of cutting services as you describe, extending the intervals and reducing evening and Sunday services at such saving as you can effect, by re-scheduling with a quite substantial additional mileage to meet the peak demand which, I thought I understood you to say, was narrowing?—Compared with pre-war I said it was narrowing, or had narrowed.

2683. That was compared with pre-war?—Yes.

2684. I had not understood that. But that, of course, is a reduction in the service that follows upon the fall in traffic, is it not?—Yes.

2685. And that may be in part due to people being unable to afford the service?—I do not think it is, but it could be. You will notice that most of these curtailments of mileage on Central Road Services with which you are dealing at the moment are made in the evenings and on Sundays, and I explained it fairly extensively yesterday—I explained the reasons of the fall in traffic in the evenings and on Sundays. I do not attribute it to the influence of fares.

2686. I suppose you would attribute some of it to the influence of fares, because you do in your "X" year estimates show quite a considerable drop in the number of passenger returns as a direct result of the increase in fares proposed on the last occasion.—Yes, but not necessarily a drop in evening traffic. We did not particularise in these estimates and I might remind you that practically four-fifths at least of the lost journeys that we were allowing for in the estimates of the last Hearing were in respect of the minimum fare traffic—the increase of the 1½d. fare to 2d., and experience has shown that that is where the bulk of the loss of the traffic has been.

2687. Nonetheless, it is not a question of whether there might be an element of the fares increase affecting this traffic. In your own estimates you do allow, I think, for leaving aside a percentage drop that you gave us—again the day before yesterday. It was 2 per cent., was it not?—2 per cent. of the traffic other than the 1½d. to 2d. Yes, that is right. But I did not agree that that was wholly attributable to increased fares. All I said was, to make a calculation as to the amount of traffic we should expect

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to get by reducing fares, on the assumption that we had lost that amount by increasing fares, some of that loss may well be due to changes in the economic climates between the two dates on which the comparison was made, October, 1951 to October, 1952.

2688. Yes. At any rate, I would like to refer you to a rather different view of these fares and service policy in Mr. Blee's statement to the Press. In the copy I have the page is not numbered; it is on the last page of the copy of the Press Statement, the last paragraph. Mr. Blee says: "I think it is also important to say that it is not our intention, in any way, to curtail main line excursion facilities. We shall continue to cater for football and other special events; we shall still seek to develop any future business, even by speculative excursions, whenever the prospect of success appears reasonable; and we shall give really good service. Our policy here is to encourage and develop the fullest possible use of our engines and carriage stock, staff and general resources in the off-peak season and, indeed, times of the day, by enterprise and attractive services and fares." That reads rather differently, does it not, from paragraph 73 of the 1950 Report?—I do not think it is in conflict with it at all.

2689. It is, Mr. Valentine, it is not a question of conflict, is it? It is a question of, onus. You can approach this by saying "Unless I am satisfied I am going to show a net profit, I must put the fares up, and I cannot risk any reduction", or you can approach it in the other way, and say "I am going all out for traffic".—Yes, would you mind reading out the last sentence of paragraph 73 of the 1950 Report?

2690. Yes; I was proposing to do that. The public will not then be consuming services which it cannot afford to pay for, and which the undertaking cannot afford to supply. The correct policy is to reduce fares in particular and carefully selected cases in order to stimulate traffic, and to bear in mind the importance of the lowest practicable level of normal fares, and this the Commission intend to do?—Precisely. That is still the policy both in London and outside.

2691. It may be the policy, Mr. Valentine, but the practice in London starts on page 49, and the practice outside extends over the page to the last sentence, is that not right?—No.

2692. Is there a single instance on the London Lines or on the London Transport Executive of these carefully selected cheap facilities?—No, not at the moment. There are no cheap fares in operation on the London Transport system below the ordinary level which itself, however, is low. But, as I explained quite fully, if there were any cases we found where classes of traffic could be stimulated by a lower fare on a scale which would improve the net fare in London, we would do it. I also spent a good deal of time yesterday explaining why the circumstances in London were not favourable to finding such cases, whereas they are more readily found in the provinces.

2693. Could I put in Table 106 now which has now arrived? If I may refer to London County Council 106, this is a table which sets out journeys from Nottingham (Midland) Station, the mileages are set out in column 4, single mileages, and in the other columns the points at which the trains call on these lines from Nottingham (Midland), then the third class return fare on what is called a special cheap-day return, which is available every day by every train, and if I may call attention to the destinations, Nottingham—Cardiff, Nottingham—Treat—Leicester, Loughborough—Leicester, they are major points of population. Then in column 6 is a mathematical calculation of the rate per mile, and in column 7 the proposed level of early morning fares under the Scheme. (*To the Witness*): Mr. Valentine, I am instructed (and I am sure this can be checked) that this is simply an extract from some of the published handbooks about the special cheap-day fares available from Nottingham?—Yes.

2694. Now you will see at a glance that up to 20 miles, actually up to 19, up to 19 miles the scale of charge for a day return from Nottingham any day by any train, third class, is less than your proposed early morning scale?—Yes.

2695. May I just call attention to 1, if you would look at column 1, the line Leicester (London Road) and the

distance, 28 miles, and the fare 3s. Od., the rate per mile 0.64d.?—Yes.

2696. That is, of course, a traffic between two major towns in the Midlands and any day by any train the citizens of those towns can travel by what amounts to a workman's ticket in price?—Yes.

2697. And they also have, I believe, a first class ticket which is 50 per cent. above?—Probably, yes.

2698. There is nothing like that available in London?—No.

2699. Now I am given this information about Bristol. I understand that from Bristol early morning tickets are available, as elsewhere, up to 8 a.m.—On the railways?

2700. On the railways? I do not know what the charges are, but I assume for this purpose that they are standard, whether they are less or not I do not know.—I do not know.

(*Mr. MacLaren*): All day there is what is called a cheap-day return, and, if I may take a single example to show the kind of level of fare, from Temple Meads, Bristol, to Bath, is 11½ miles, the same distance for example as from Euston to Weybridge, or London Bridge to West Wickham in Kent, the day return is 2s. 9d. as compared with 3s. Od. in London between those destinations. At 9.30 a spring day return becomes available which is again on the workmen's scale up to 20 miles, and then a little higher, so that the citizens of Bristol and the environs can travel on workmen's tickets—because that is what it comes down to—at any hour of the day except between 8.30 and 9.30, when they have a cheap day return that is slightly cheaper than the day return on the London Lines. Now those are just two towns that those instructing me happened to have selected quite at random.

2701. (*President*): What do you mean by "quite in random", did they pick some towns out of a hat?—It was convenient to get in touch with Nottingham and Bristol. There was no fore-knowledge of what they would find.

2702. Then they were picked out of a hat?

2703. (*Mr. MacLaren*): In that sense, yes. Now, Mr. Valentine, I put it to you that is the ordinary urban traffic such as you have in London, the day return, early morning, peak hour and off peak, and it is catered for in these facilities by facilities not existing in London at all?—The volume of traffic is probably totally different. I do not know anything about these particular flows of traffic or whether these fares are, in fact, remunerative, or not.

2704. I see, well I can ask Mr. Roberts about that. You can ask him some questions about it if you wish, but I do not know the traffic.

2705. You knew, no doubt, however, that those fares were introduced in the policy to which you called my attention under Paragraph 73?—I would imagine so if they are of recent origin, but I do not even know that. There is nothing on your document which tells me when they were introduced.

2706. The straight day return was introduced in Bristol on 1st March.—The spring day return would be of recent origin, but I was meaning the third class fare.

(*Mr. MacLaren*): That was introduced on the 1st December, 1952, according to the handbill which we have.

(*Mr. Harold Willis*): This is really a cheap day rather than a third class return.

(*Mr. MacLaren*): It is a day return, yes. It is available, however, by any train any day.

(*President*): What Mr. Willis is saying is that the heading of Column 5 is "Day Return Fare".

2707. (*Mr. MacLaren*): Yes. That is perfectly right. The document is headed "Day Return tickets from Nottingham (Midland)". That is quite right, they are all day returns.—While I do not know anything about this traffic, I think it highly improbable that it should bear any close resemblance to the generality of traffic with which the London Transport Executive are dealing, either in volume or in character. It may be available all day, I am merely guessing, but all the traffic in the peak hour passes at season ticket rates, or most of it.

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2708. I cannot imagine anyone buying a season ticket with that ticket available unless they travel two or three times a day.—It depends what the season ticket rate is.

2709. This fare would be considerably cheaper?—I think so, yes.

2710. So it would not be surprising to find that the season ticket rate in that area was related to this ticket which is available. I do not know, but it would not be surprising. But while I am on that subject that would mean that any increase in the season ticket rate outside London would not affect Nottingham at all.—I do not follow that.

(*Mr. Harold Willis*): Would it not be better, Mr. MacLaren to defer this to Mr. Roberts? He will be more helpful to you on it, I think.

(*Mr. MacLaren*): Would it not be right to put it this way, Mr. Valentine? In this policy of extending these cheap facilities one way and another outside London, the Commission is accommodating itself to the changed attitudes of the whole organisation of transport in the country. To explain what I mean very simply, Mr. Valentine, under the 1947 Act provision is made for the Transport Commission first of all to acquire its present undertaking, then to acquire the Road Haulage undertakings of any distance above 25 miles, then power to control the bus operations throughout the country and control their charges and method of operation.

(*Mr. Harold Willis*): What bus operations?

(*Mr. MacLaren*): Under the Schemes under that section of the Act. The Commission have power to make schemes.

(*Mr. Harold Willis*): There have not been any schemes.

(*Mr. MacLaren*): I know there have not, but the power is there.

(*President*): I do not know that this is making the previous question, which to my mind was a little obscure, any clearer. I think you may take it that most people in the room are to some extent familiar with the provisions of the Act.

2711. (*Mr. MacLaren*): Yes, my point is this: Outside London the practical effect of the change of policy is that these various powers to extend control over passenger services for example, and road haulage services, are now at a standstill, and the Railway Executive.—I do not appreciate the reasoning of that at all, and I do not know what you refer to as a "change of policy".

2712. Well, the change of policy, for example, that is reflected in the Bill now going through its stages in the House of Lords.—I thought you meant the change in policy of charging by the Commission.

2713. No.—I did not know that anything else was relevant. A change in Government policy? I would prefer not to comment on that.

2714. Is it not relevant to the operations on the Commission's undertaking whether it has to face competition outside London or not? Surely that is relevant?—I do not see how that arises in relation to legislation.

2715. Because the legislation affects that matter, does it not?—It may or may not.

2716. Would I be right in saying that the cheap facilities which the urban traveller enjoys outside London, and which he does not enjoy inside London, is explained very simply by the fact that there are cheap road facilities outside London and not inside London?—That may be a fact taken into account in some cases.

2717. If I may come to deal with the reason you gave why you consider that in London cheap concessionary fares off-peak would not be a success, you said at first that the reduction to be of any use must be substantial, and I accept that. You gave an example that 25 per cent. reduction must mean 33 per cent. increase in traffic. That would apply equally in Nottingham, Bristol or anywhere else, would it not?—Yes, but reduction from what? The base might be different.

2718. A reduction of 25 per cent. would involve an increase in traffic.—From any fare level; yes, that is quite true, in order to break even on the gross receipts.

2719. Yes. Then you said if you obtained such an increase as 33 per cent., it would involve augmentation of off-peak travel and that would cost money?—Off-peak mileage.

2720. Off-peak mileage, I beg pardon, augmentation of off-peak mileage, and that would involve costs?—In certain cases, I did not say universally.

2721. It is true, is it not, Mr. Valentine, that generally speaking the increase in costs in off-peak mileage is a very minor matter?—Not necessarily. To accommodate a 33 per cent. increase in traffic—

2722. Minor in this sense, if you have a 33 per cent. increase in traffic or anything of that proportion, the increase in cost would be low in relation to the increase in travel, would it not?—This is not quite the answer to your question, but I hope helpful: It would normally be a lesser increase in cost than a corresponding increase in mileage in the peak-hours.

2723. I do not think I need delay on this because I think we have fairly faithful figures now of the cost of additional mileage off-peak for the various figures given as to the actual economies made by cuts in mileage. —You have got the figures for the actual cuts in mileage that have, in fact, been made, but you cannot presume that the same or proportionate economies would apply to any other cuts or additional cuts.

2724. No, I was really bearing in mind restoring these cuts, putting the traffic back on the road. Let me take an example. Supposing the trains you are running at half length are running full length, additional cost is very slight, is it not?—Again I do not know what you mean by "very slight".

2725. I am sorry, it is related to the cost of running the four coaches. The cost of running the eight coaches is only the difference in the consumption of current, virtually, is that not so? The smaller difference of dimension depreciation?—If you were catering for an additional traffic.

2725A. Is this what would happen: You would have to put on additional trains?—You would not permanently run the longer trains; you would run more trains at a closer interval.

2726. That would be a question of what was the most efficient method of operating?—Yes.

2727. Then you put your reason that the recent increase in fares over 2d. resulted in a loss of traffic of only 2 per cent., from which you drew the conclusion that to reverse the process would at best reverse the result. I will return to that, if I may. Would you look at L.C.C. 107? This does not purport to mean a statement of what would happen if you introduced off-peak facilities.—It does, or does not?

2728. Does not; what it purports to do is simply this: To show, on a reduction in the off-peak ordinary London Transport Executive fares, on the London Transport Executive system, in relation to Table B.T.C. 506, what the loss would be if only exactly the same number of travellers travelled. So in the first column we have the mileage, 3, 4, 5, etc.; the present early morning return fare; the present single fare as shown in B.T.C. 504, and the "Y" year yield of ordinary fares as shown in B.T.C. 503 by those fare values; then (assuming that one-third of the yield is off-peak) the amount of the yield off-peak; then (assuming the traffic is carried at the early morning fare, that is, the same fare as is, in fact, being operated in Nottingham at present) the resulting loss in yield; the additional journeys at early morning fare necessary to balance the loss of yield; then the "Y" year journeys corresponding to yield in column 4. That is the total yield. Assume a third of journeys corresponding to column 5. Now just look across that. You see the shape of it: The present early morning fare of 8d. and the present single of 5d. (which would make a return journey of 10d. and a consequential loss of 2d. on a third of the yield of the 5d. fare) produces a resulting gross loss of £487. The additional journeys on that fare necessary to restore the position is 29.22m. and the "Y" year journeys corresponding to the gross yield of £350. Assume a third, that gives you the assumed off-peak journeys at 11.68m. That is how each of those columns is calculated. The 9d. is related to the 6d.; the return would be 1s. 0d.; there would be a loss on each double passenger journey there and back of 3d. and so through the scale. If these calculations are right, the third of the yield is £7,893m., the yield if that was carried at early morning return fares would be £5,658m. with a resulting loss of £3.25m. Necessary

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additional journeys would be 99m., which is about 36 per cent. of the off-peak travel, assuming it to be a third of 271.9m. journeys?—Yes.

2729. That is according to what you said?—It seems only to show that if you reduce the fares by something like 25 per cent. you need something like 33% per cent. additional traffic to break even, but this table shows additional rates of discount ranging from 20 per cent. to a good deal over 33 per cent. You cannot escape arithmetic.

(*Mr. MacLaren*): I am not seeking to, but you see it has worked in other towns, so let us treat it seriously.

(*Mr. Harold Willis*): It has been "put into operation" in other towns will be perhaps more accurate.

2730. (*Mr. MacLaren*): My learned friend does not think it has worked; we will learn about it later, no doubt.—With similar traffics to these?

2731. Well, I put it to you very clearly, Mr. Valentine, as to what the fare structure is in these places. As to the traffic you know better than I do.—Well, I know that in most of the provincial centres where cheap-day fares are in operation the traffic is not generally sufficient to support train services of greater frequencies than one an hour or thereabouts, and a 20-minute service is a rare and infrequent service by their standards. Many of these fares apply to traffic which has the choice only of one or two trains a day. In London we are dealing with a scale of movement that justifies even in the off-peak period services of—not taking the Central area, but in the suburbs—six-minute intervals, nine-minute intervals and so on, with passengers in them in every train.

2732. Yes, you have a much greater population?—No, we have a much greater proportion of movement per head of population; that is the point I am making. It is not merely that London is larger but that London has a very much heavier traffic already moving at the existing fares even after you allow for the size of the population.

2733. It is the nature of London, is it not, Mr. Valentine, that there should be more movement per head of population?—Yes.

2734. May I call your attention now to the drop in passenger journeys between 1950 and 1952? You will find those in the 1950 figures.

(*President*): This is where we came in, Mr. MacLaren, is it not?

(*Mr. MacLaren*): This is where we came in, yes.

(*President*): The whole point of Table 107, Mr. MacLaren is in the note, of course.

(*Mr. MacLaren*): In the note, yes.

(*President*): The suggestion that the additional percentage would be called forth.

(*Mr. MacLaren*): That is not unreasonable to expect that it should. That is the point. The originating journeys in 1950, according to page 434 of the 1950 Report, is 4,113m. Then I gather from the aggregate at the end of number 13, 1952 at page 76 of the Transport Statistics—I took the wrong figure; the comparable figure is 4,472m. in the 1950 Report.

(*Mr. Harold Willis*): That is the total with the seasons?

2735. (*Mr. MacLaren*): It is 4,273m., which is in round figures 200m. journeys—I am afraid I did not follow the last part. I am with you up to the point where you were talking about the 4,472m. in 1950 on all the London Transport services, but what are you comparing it with?

2736. I am comparing it with the aggregate on page 76, the total for London Transport services, passenger journeys, 4,273,996.—4,273,996?

2737. 4,273,996.—That is not a full calendar year, but it is only just short of it. It is 13 four-weekly periods, is it not?

2738. Yes. At any rate the drop between those two periods is approximately 200m. only, is that not right?—Yes, I think so. I have a difference on the two years of 177m. journeys, on the full year, but those figures are not published.

2739. (*Mr. Harold Willis*): This is the 52 weeks to the 29th December? Is it the last figure?—The figure that will appear in the 1952 accounts not yet published for passenger journeys comparable with the one you quoted

from the 1950 report was 4,284,295, a drop compared with 1950 of 177m., or 4 per cent. exactly.

2740. (*Mr. MacLaren*): Now, Mr. Valentine, you see at the foot of the table the note there?

(*Mr. Harold Willis*): Are you back to 107?

2741. (*Mr. MacLaren*): Yes. That is 99m. additional journeys expressed in another form as 1.91m. additional journeys each week, and according to the 1951 Census there are 2.6m. households in greater London so that less than one journey per household each week would make good that deficiency, and, of course, if a family went out together once that would make good for four weeks, assuming there are two children.—One additional journey?

2742. If you please, yes; one additional journey.—I have no doubt that the arithmetic is correct.

2743. Now the reasons you gave in evidence as to why this additional traffic is not legally to emerge, as I understand it, were that during the day the husband was at work, the housewife was at work, and the children were at school—I mentioned that fact, yes.

2744. But even during the day that does not prevent the housewife making an additional journey, does it?—It does not necessarily prevent a particular housewife, no.

2745. If it is sufficiently attractive. Then you spoke of the change in social habits about staying at home with television?—That related to evening travel, not the same period of the day.

2746. If you please, it is to the evening traffic.—The fact that people own their own television and the fact that women are out at work keeps them at home in the evening.

2747. Now it is true, is it not, that your evening traffic has been declining?—Yes, we cannot measure it separately by any statistical record, but it is the conviction of London Transport or the knowledge of its operating officials that it is at a low level compared with pre-war, whereas most of our traffic is at a higher level than pre-war, and there has been no revival of the slight tendency to decline during the last five years. I would not be too precise about the five years, but within recent years.

2748. No doubt there are many reasons for that, and you may have named some of them, but is it not a fair proposition, Mr. Valentine, that when you find a particular traffic declining one of the ways to recover that traffic is to make an attractive reduction in the fare?—It could be. It depends what has caused the decline and secondly what the reaction of the traffic would be to a reduced fare.

2749. Precisely. But we can always find reasons why people do not travel, or we can say that their travel habits change, but there is no doubt about this, Mr. Valentine, is there, that a really cheap ticket does evoke travel?—Not necessarily. Sometimes it would, and sometimes it would not.

2750. There may be occasions when it does not?—Quite easily.

2751. In a great area like London there must have been very many occasions where it would. Is that not right?—It depends what you mean by "very many". I should have thought not very many.

2752. Mr. Valentine, you expressed the view that it would be undesirable for the Tribunal in the exercise of its powers to oblige the Commission to run a cheap fare of a given denomination, or not exceeding a given denomination, at certain times under the Scheme?—Yes.

2753. You took the view that as it is necessarily experimental in its first stage, it might not pay, that the Commission should have power to experiment and remove these facilities without being tied as to what they should do, is that right?—Yes.

2754. But your view is that so far as London is concerned the experiment would not be justified?—Because we already know sufficient about the response of traffic to different fare levels to have tested that, as I explained yesterday.

2755. Yes, I understand the reasons for your view, but your view is that no experiment should be made?—At the moment I know of no place where I could recommend it should be made. That may not be the position, if we were to discover that a substantial block of traffic

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was disappearing because of the level of fares. Serious consideration would then arise as to whether it could be maintained and increased by changing the level of fares, and if that was happening it would be bound to come to light from our close study of our traffic, not only in global statistics with which we have to deal here, but study of individual route earnings (even trip earnings) on road services, station takings, special analyses occasionally of takings at different times of day, and things of that sort, and the general observation of the operating staff.

2756. I understand your view is that in present circumstances you are of the opinion that no experiment should be made and no cheap facilities introduced in London excepting only if and when some particular block of traffic should fade away or disappear?—Well, it would not wait necessarily until it had faded away or disappeared, of course. One would detect the signs, but I just do not think that is likely to occur because we are constantly watching for it.

(*Mr. Rougier*): I now have the completed bundles of the substituted, at least, I hope they will be substituted, Southend Exhibits. May I put them in and ask you, as you said you would the other day, to consider them?

Cross-examined by MR. ROUGIER.

2757. On behalf of the Borough of Southend and the Southend Travellers' Association, can we shorten this examination by agreeing briefly some of the results that you and I arrived at on the previous occasions?—I hope so.

2758. Can we agree, for instance, that the area served by the London-Tilbury-Southend Line forms a little enclave of its own?—Yes, if you like that phrase.

2759. You agreed to it last time.—Yes.

2760. The fact is that it is a complete railway about 40 miles long from Fenchurch Street to Shoeburyness, the whole of which lies inside the London area and London Lines area?—Yes.

2761. And that it ends in an outburst of coastal towns?—Yes.

2762. It is a seaside resort at the end—partly seaside and partly business.—I would not describe your towns as an outburst.

(*Mr. Harold Willis*): You probably have not been there on Bank Holiday!

(*Mr. Fay*): A convocation.

2763. (*Mr. Rougier*): I should think it was an outburst on Bank Holiday. Can we also agree—and we have fought this out before—that it is a cheap line to run?—Yes.

2764. And that costs are low; maintenance is low because there are few embankments and cuttings, no tunnels and no great gradients; that is right, is it not?—I think that has been common ground before, yes.

2765. And perhaps the best proof of all was that for many years during the second half of the last Century the standard rate of fare on that line was (under the Act of 1852) a halfpenny a mile, where the rest of the country was paying a penny?—Yes, that is approximately correct, at any rate.

2766. And therefore we can go on, the London-Tilbury-Southend Line has been making, I think the phrase the Commission likes is, it has been making a good contribution towards receipts?—That does not follow from what you have just said, but I believe, Sir Reginald has already accepted that.

2767. May I just remind you of some figures. I think it was worked out was it not, in the 1950 Interim Inquiry, that prior to the charges there imposed there was a profit of something like £160,000 a year from the London-Tilbury-Southend Line?—I do not recall that. Was that agreed?

2768. Can I recall it? It was mentioned in the 1951 Inquiry on the Ninth Day at page 211. I think I was cross-examining you, Mr. Valentine.

(*President*): The last Inquiry?

(*Mr. Rougier*): Yes, the last Inquiry. I think it happened there again that you asked me to look up the previous one, but I think you agreed it. It was at Question 933.

18874

(*President*): Yes.

(*Mr. Rougier*): I think you will see that they are as I described yesterday. The first Exhibit, the corrections that have been made are either in the instances of particular towns or in some cases of the actual fares by small amounts. The same applies to Exhibit 2 and Exhibit 3. Exhibit 4 is the graph showing the results of Exhibit 1, and there again the errors made the original graph quite hopeless, but this present one is now correct. Exhibit 5 is a graph based on Exhibit 2, and the same remarks apply to that. Then Exhibit 6 is based on information given us by the Commission, an exhibit showing the increases in fares of the same towns that have been mentioned in previous exhibits, and Exhibit 6 (a), which I would ask your leave to produce, Sir, is a summary of the effect of that big Exhibit 6. Really we need only look at 6 (a), and leave any questions of checking it from 6 to somebody else. Then I do ask your leave to put in Exhibit 7. That is composed of records supplied to us by the Commission of estimates of daily numbers of passengers travelling between the various Southend stations and Fenchurch Street, using different classes of ticket.

(*President*): Very well.

(*Mr. Rougier*): I am much obliged.

(*Mr. Harold Willis*): I am sorry, I do not remember, but I presume if you have the reference we can turn it up.

2769. (*Mr. Rougier*): Yes. Will you accept that that was the figure that was quoted, Mr. Valentine, or arrived at?—Yes.

2770. And I think that under the interim Scheme, the first Scheme, you sought to get an additional £281,000 from the London-Tilbury-Southend Line, but that owing to the cutting down by the Tribunal, I think, of the early morning traffic, you only got an additional £137,900, estimated.—From the Southend Line as a whole, yes.

2771. And that under the last Scheme you got an additional revenue from that Line, or estimated revenue, of £164,000?—I do not remember the figure, but it is taken from our exhibits presumably?

2772. Yes.—That is before correction for the difference between what the Commission proposed and the Tribunal approved, and before correction for the adjustment of certain sub-standard fares last August.

2773. Do you mean what is usually called the Government intervention?—Yes.

2774. I was going to come to that a little later.—I was only asking, if I may ask you a question, the figure you are asking me to agree is the estimate yield of the Scheme as proposed last year?

2775. Yes, that is so.—Yes.

2776. Having established some basis of fact, I want to ask you this, Mr. Valentine; is it not true that under this Scheme as it has been put forward to us, the Commission has really changed the basis upon which they are arguing that the increased charges are justified? By which I mean that in the earlier two Schemes what we were told was the real reason why charges should go up was that in addition to the reason that the Commission wanted more money, the charges had to be integrated.—In 1950 that was the primary reason for the Scheme being put forward at that time. But it did provide also for a small increase in revenue.

2777. Yes, and also that there should be assimilation of charges throughout the London area?—Yes.

2778. And, in fact, you did divide up the country into two units, London and outside London?—Yes.

2779. And within each of those units you have endeavoured to get complete uniformity of charge?—Of standard scales of charge, yes.

2780. And would it be true to say that, could you have done so if there were not too much difference between London and outside London, you would have liked to have reduced that to one unit?—I do not think that is necessary at all.

2781. Would you not like to do so? Would you not like to get one standard scale of charge applying to the whole of these miles?

(*President*): It might depend what scale, might it not?

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2782. (*Mr. Rougier*): One standard scale, I do not say what scale, whatever it is they decide.—No, I do not think that follows at all. The London area is a very convenient unit to deal with by itself with its own special traffics and problems, and there is no necessary reason in my knowledge why for all time the same standards would be suitable in London and outside.

2783. I am delighted to hear it. Then you are quite satisfied that there should be two standard scales of charge?—That is not quite the same thing. You ask me to agree that there should be two. What I was saying was that I was not insistent that there should be one.

2784. You were not insistent?—That there should be one.

2785. Are you satisfied that there should be two?—I do not think there is sufficient evidence yet to establish whether permanently the same levels of charge would be appropriate on London Area services of the Commission, and railways outside London.

2786. One advantage surely is that, to some degree, we are saved the monotony of monopoly?—By what?

(*Mr. Rougier*): Having two units instead of one.

2787. (*President*): It is a restful change when you are tired of London Transport to go and take a ticket on a main line journey at 1½d.—If that appeals to Mr. Rougier, I have no objection, Sir.

2788. (*Mr. Rougier*): Do you not think it might appeal to some people?—Not—due relief from monotony, no.

2789. You do not think so? Let me put it in this way: Are you satisfied that in fact the number of units into which you have divided the country are sufficient in order to give equitable treatment to the various classes of passengers that there are in these Isles?—No, we have not finally decided on that point at all.

2790. What is your opinion? I did not ask if you have finally decided, but what is your opinion?—I have an open mind on the subject.

2791. But you are perfectly willing to consider, are you, that the units over which standard scales of charge should be imposed should be increased in number?—No, not should be increased in number, but that it might be right to increase them in number.

2792. That is a very fair answer.—When in possession of information not yet available, I think far more traffic costing will be undertaken by the Commission than has yet been done.

2793. Yes, there is one little drawback is not there? As I understood your earlier evidence you said that traffic costing in smaller units was not being done by the Commission?—In smaller units than what?

2794. These two present units which we are talking about—I do not think I have said that.

(*Mr. Harold Willis*): I do not remember that.

2795. (*Mr. Rougier*): It is certainly the impression I got from some of your earlier evidence that you could not separate costs of the London Lines. I do not think it was your evidence; I think now it was the evidence of Sir Reginald, but it was said on behalf of the Commission.—Yes.

2796. That is true, is it not?—I think so; I think it has been said.

2797. In other words the Commission are not at present anyway—I do not want to use the word "troubling"—but undertaking this further costing that you are speaking of as being necessary before deciding that you will have greater numbers of units of standard charge?—No, I do not agree there.

What I am suggesting to you in short is this: That in the answer you gave to me saying that you would require far more information about costing before agreeing that there should be more units—

(*Mr. Harold Willis*): Less units, I think he said.

(*Mr. Rougier*): More units; you cannot have less than two; you can only have one.

(*Mr. Harold Willis*): You were suggesting one, and he said he had insufficient information about that.

2798. (*Mr. Rougier*): No, what I am suggesting to Mr. Valentine is that he will have far more than two, several more than two, shall I say?—You might prove a good prophet, but I am unable to express a view on that yet.

2799. Are the Commission making any effort to find out?—I understand their studies in traffic costing are proceeding. There is quite a long explanation of what they are doing, and with what objectives, in the last Annual Report, and it cannot be boiled down in a nutshell in any answer I can give to you. It is either in the last, or in the preceding, Annual Report.

2800. (*President*): It is the last one, 1951, an appendix to Chapter 2.—Yes, that is what I was referring to.

2801. (*Mr. Rougier*): I am perfectly willing to take it from you if you say that they are endeavouring to carry out the necessary costing with regard to possible sub-units, if I may call them that?—That is neither the only, nor the primary, purpose, I think, of traffic costing.

2802. I did not suggest it was. I merely asked if in fact you say that they are doing so?—All I am saying is that it could emerge from further studies and research of that kind, that there is a sound case for variations in standard charges in different areas of the country, smaller than those now used for that purpose.

2803. You say it could emerge?—It could.

2804. From studies of that nature?—Yes, so I understand. I am not an expert on traffic costing, I might add.

2805. Are studies of that nature being carried out, do you say?—So I understand.

2806. If it does emerge from that that smaller units could be usefully segregated, would it be the policy of the Commission to consider varying standards of charge for those various units?—I could not anticipate what the policy of the Commission would be. You asked if it would be the policy of the Commission to consider them. I am sure if it made sense the Commission would certainly consider it.

2807. That is rather like an agreement to agree, is it not?—That is all you asked. You put the word "consider" in.

2808. To come back then to the beginning of this point which I have been putting to you, I am suggesting to you that the way the Commission is putting the case on this occasion is that the traveller, or the Londoner, is being asked to pay for the services he is getting?—Yes.

2809. Presumably if he is not paying for the services he is getting you are asking the traveller to pay more until he does?—I thought you were now trying to break the London Area up into parts.

2810. What I would suggest, if you do not mind my saying so, is that you should just listen to the question I am putting to you and deal with that. Do not worry about my ultimate purpose behind it too much. What I suggested to you was that what you are really saying is that the traveller must pay for the service he is getting?—The travellers as a whole?

2811. The traveller?—No, I never said any such thing; I could not possibly.

2812. Why not?—Because that implies separately ascertaining the cost of the service to every individual passenger.

2813. I am sorry; I cannot hear what you are saying. That would imply separately ascertaining the cost of the service provided to every individual passenger.

2814. In a sense, that is what you do, is it not? If you cared to work out how many passengers you got who built up your revenue, and divided that, or set it aside against your costs, you would find out how much each passenger paid—he would have to pay his share?—An average share, yes.

2815. If you like to put it in that way, yes, an average share.—Yes.

2816. If you like, all the travellers on all the railways and buses and coaches in the end have to pay for the costs that they incur?—Yes, if you put it that way, certainly I agree.

2817. And if they are not paying that amount, you say that they must pay more until they do?—Yes, collectively.

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[Continued]

2818. It also follows, does it not, that if you have several classes of passengers, if some of them are paying for much less than what they get, their charges must go up?—Paying much less than they get, or much less than their share, which are not necessarily the same thing.

2819. I should have thought they were exactly the same thing, because the share they get is the share of services. If they pay less than the services they get, they ought to pay more.—But if the share is less than the services they get it seems to import the idea of valuing the particular services which that particular group of passengers use, and that is not what I am acceding to.

2820. I gather that you would object to it if the costing was taken down so strictly that you looked at what one passenger got and whether he went by a bus or a coach, but within the given unit, what you want is that the aggregate of those passengers in that unit should pay the cost of the services provided in that unit?—Yes, but it is a condition of agreeing to that answer that the unit should not be smaller than the London Area.

2821. That is the condition which you, or rather the Commission, import?—Yes.

2822. In other words you refuse to break that unit down into anything smaller?—It would not make sense to do so.

2823. You say it would not make sense to do so. I disagree with you there. I am suggesting to you it might very well make sense to break that area down into smaller ones. You disagree?—Either by forms of transport or by areas?

2824. I am suggesting, for instance, that you can differentiate between the Central London Area and the London Lines.—The Railway Executive's London Lines?

2825. Yes, that is so.—No. That is without troubling to ask you what you mean by the "Central Area", which can mean a good many different things.

2826. You know you have a definition, Mr. Valentine?—There are so many definitions.

(*Mr. Rougier*): The definition you have given of the area in the Scheme—the area according to the plan in the 1933 Act, or whatever it was.

(*Mr. Harold Willis*): Do you mean the London Transport Executive and the London Lines, to be split?

2827. (*Mr. Rougier*): I am not suggesting here and now a specific split. I am only suggesting that there is a possibility that sub-divisions could be made in the London Area and that different scales of charges should apply in those areas, according as the cost of the services supplied in those areas might vary.—That would imply producing a separate cost for sections of the London Transport Area passenger services?

2828. Yes. When you are studying costing, is not that what ought to be done, that the cost of each of the services should be ascertained?—I am not an accountant and I am not going to follow you far in this, but I do not think the cost of the separate services has to be ascertained as a separate operation for the purpose of determining the level of charges in the London Area.

2829. That is not quite my question, you know. I am suggesting this, if I may perhaps put it more plainly in this way: That the Commission should ascertain the cost of any particular service it supplies if only to find out whether that service is being run economically or not.—It depends how far you are splitting it down.

2830. Any service—any unit?—Every single bus service for instance?

(*Mr. Rougier*): No, you know I am not saying that.

(*Mr. Harold Willis*): It does not follow; that is exactly what you are saying.

2831. (*Mr. Rougier*): Let me take it in this way: If you supply, as you do, a Tube line which runs out into the country, to Ealing shall we say, although I believe it goes further, the cost of that line should be ascertained, should it not, in order to see whether the receipts from it make it an economic service?—The costs of a whole line like that would still not be separately ascertained under our practice except by averaging certain classes of costs over the whole underground system.

2832. I know, but you have slipped in that very important proviso "under your practice".—Yes.

2833. It is just that that I am suggesting is where your practice is failing, that you should ascertain the cost of each particular job, so to speak?—The result would probably be very artificial, but I am not at the moment very clear what purpose it would serve when you had done it.

2834. Let us take a parallel, a manufacturer, who is running a factory and is making various components: You will agree, will you not, that it would be regarded in such a factory as absolutely basic to find out the exact amount of cost going to the manufacture of each of those components?—Probably, if they are two things which he is doing, one of which he could drop without affecting the other.

2835. That is another question.—I am only agreeing in those circumstances.

2836. But you would say, would you, that if he had to carry on all those activities, he would then stop bothering about separate costing at all?—I do not know.

2837. It is not so, is it? It is common knowledge?—It is not parallel—you said "to give a parallel case", and you ask me questions on something which I do not regard as parallel.

2838. Are you still maintaining that it is the basic principle upon which you base your scales of charges to make passengers pay according to the mileage that they are carried?—Yes.

2839. And that is the only consideration?—No.

2840. What other considerations are there, and how do they affect the charges that the passengers are asked to pay?

(*President*): The time at which he is carried is one.

(*Mr. Rougier*): I beg your pardon, Sir?

(*President*): The time of day at which he is carried.

2841. (*Mr. Rougier*): Certainly, if you deal with the early morning ticket, I will concede the early morning ticket and the season ticket straight away. Setting those aside, are there any other considerations which you apply as a factor to ascertain the charge which you say the passenger should pay?—It depends upon how much detail you are getting down to. We are not rigidly tied to applying our standard scales, to begin with.

2842. That is another matter, and I will come to that later. I am only, at the moment, upon the question of the construction of the standard scale. I will put it competently: Is it not the fact that your principle is that if a passenger travels one mile he pays x pence; if he travels ten miles he pays 10 x pence, and it does not matter whereabouts he is travelling or by what method or by what time?—I could not accede to the principle expressed in that form, because the limitations of the coinage would always prevent you from doing it, unless the ideal scale, for the moment, happened to be either 1d. a mile, 2d. a mile or 3d. a mile.

2843. I quite agree with you there, but provided the coinage would permit it, that is the principle upon which your scales are constructed?—Within the limits at least of the London Area, defined for the purposes of this Scheme. The Commission is not of opinion that there is at present any established case for tapering.

2844. If only you would not try to meet something which you think is in my mind.—I am sorry. I thought that was implied in your question.

2845. No, it was not. I am trying to ascertain and to get from you in plain language, if possible, what is the principle upon which the Commission construct their standard scale. I thought I was putting it shortly, that your principle is distance gone?—We sell transport by the mile, at a consistent rate per mile.

2846. Quite. Now I want to suggest to you that that is the wrong basis. You see, I am challenging what I understand is the fundamental principle of your construction of scales of charges.—Yes.

2847. I am suggesting to you that that is a fallacious standard, and that the true standard of charge should be based upon the cost of the unit of services supplied. I use the word "unit" so as to avoid having the reply: "It depends what you cut it down into". Provided that a sizeable unit of correct size is established, I suggest that that is the proper method of building up your standard

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[Continued]

charge?—I do not know what you mean by "unit". Is a bus a unit, or is it a bus system which is a unit?

2848. No, any unit. You can have it any way. The Commission seem to take the entire services supplied in the London area and the area of the London Lines and say: That shall be our unit of services?—Yes.

2849. Some people might say: Oh, well, you ought to calculate separately for one little bus service that runs from X to Y. Do you follow?—Yes.

2850. As you know, I am suggesting a different sized unit, a unit for the London, Tilbury and Southend area?—Yes.

2851. But let us avoid any argument about the size of the unit, and say that whatever unit it is that you adopt, whether it is the tiny little bus service, whether the medium sized unit I am suggesting, or the large sized unit you take, that the true measure of charges is the cost of the service supplied to them, and not the miles that each individual passenger may be carried?—I do not see how you would proceed, if I were to assent to that, to construct a fare scale. The cost of all the services within the unit sets the amount of receipts required, and having determined that, it is no longer relevant, is it, to the construction of the Charges Scale?

2852. I am sorry, but I am afraid I do not follow that?—I do not follow you in the proposal that the fares should be fixed by reference to a local cost related to the particular journey.

2853. In other words, it all depends upon what you consider local and what other people might consider self-sufficing.—It may do, but I am finding it very difficult to follow what you are putting to me by this use of the word "unit".

2854. In other words, I am afraid you cannot visualise a unit smaller than the present London area?—No, but I will try to think of one, if you will give me some indication of what alternative meaning you would like it to have.

(Mr. Harold Willis): A geographical unit are you talking about?

2855. (Mr. Rougier): No. I do not want to give any particular definition of a unit, but you will understand, for instance, that in the case of an Army, a General might consider the only unit he was considering was the whole Army, but it would be divisible into Divisions, Regiments, Battalions, Companies and Platoons.—There is no difficulty in sub-dividing the transport system of the London area into such sub-divisions.

2856. Whatever unit might be decided upon as being the correct unit, let us take that; it does not matter which it is. It does not matter if it is a Platoon or if it is an Army Group. Let us just call it a unit. Did you read Professor Carter's Paper?—Yes.

2857. Did you read it at the time, or have you read it recently?—I read it about a week after he delivered it, in early September, I think. I have not looked at it since.

2858. Perhaps you will remember sufficient of it to realise that he does not agree with the basis upon which the Commission construct their scales of charges?—On which he says the Commission construct their scales of charges.

2859. Upon which I think we have established that the Commission construct their scales of charges, because you have just told me it is so much per mile carried.—I was only speaking of the London area.

2860. Let us take the London area then, but, incidentally, that is true of outside the London area as well, is it not? It is the question of mileage carried which fixes the charge?—Yes.

2861. Except in concessionary fares such as my friend Mr. MacLaren has been recently mentioning. It is always that basis in the Commission, is it not?—That is the present practice, yes.

(Mr. Poole): Are you talking only of passenger fares now, Mr. Rougier?

(Mr. Rougier): Yes, I am not considering freight at all.

(Mr. Poole): When you get outside the London area there are different kinds of traffic.

2862. (Mr. Rougier): Yes, but I am still only talking of passenger fares. (*To the Witness*): In fact, what Professor Carter says is, is it not, that the real ground for charging is the cost—I am trying to strip it down to its bare bones.—I think so, yes. I think that is what most of the economists say.

(Mr. Harold Willis): There are some quotations at page 53 of the Fourth Day, Question 428, if Mr. Rougier is referring to the same passages from the Professor's Paper.

2863. (Mr. Rougier): Yes, I am. Perhaps I may give Mr. Valentine a copy of the Paper itself.—I think I have one at the office, unless I have lent it to somebody, but I would be very grateful if you could spare a copy. (*Same handed*).

2864. At page 3 of his Paper, near the top, where he speaks about the problems needing attention, he says: "The familiar and obvious first principle for obtaining a right relation between road and rail transport (without interfering with consumers' sovereignty) is this: the charge for each item of transport should be as close as possible to its true economic cost to the community. The difficulties of applying this principle are four: (1) A theoretical problem: what is meant by 'cost'? (2) A practical problem: how can costs be determined? (3) The problem of uniformity". You see that, do you not?—That is on which page?

(Mr. Rougier): Page 3. I hope yours is the same as mine.

(Mr. Poole): You started at the bottom of page 2 and then went on to the top of page 3.

2865. (Mr. Rougier): I am sorry; mine begins at the top of page 3.—Yes, I have that.

(Mr. Rougier): Now if you turn over the page, or possibly it is at the bottom of that page, he says: "On the railways, it was long considered impossible to cost individual items of service or individual transits, because of the large element of joint costs involved", etc., and then he says that it is difficult if you try to break them down too far.

(Mr. Harold Willis): He says it is insuperable.

2866. (Mr. Rougier): I do not mind, yes. I am not suggesting that they should be broken down too far. (*To the Witness*): I want to draw your attention to this. He says: "In its last two reports, the Transport Commission has given some of the principles and results of its costings; and, though the figures are based on too few cases to be treated as reliable, they are sufficient to show that the present pattern of charges not only bears no relation to costs, but often works the other way—an expensive service having a low charge". Would you admit that that is shown in the last two reports in certain cases?—All the studies referred to related to railway traffic outside the London area, as it happened.

2867. Yes, but that does not matter.—That is all it showed.

2868. In other words, what ought to happen, ought it not, is that an expensive service should have a high charge and a cheap service should have a cheap charge?—Not necessarily. It depends on the unit within which you work

2869. Yes, you always escape me that way.—But I must. It is a vital consideration.

2870. Let us assume that it is a self-contained unit, if you can conceive of such a possibility. Let us assume that that unit consists of, shall we say, four clearly ascertainable and separate services?—Yes.

2871. Let us assume that two of those services are medium, but that one of those services is an expensive service and one is a cheap service. Would you agree that whoever was in charge of that unit should put a medium charge on the middle two, a high charge on the expensive service, and a low charge on the cheap service?—If the object is to make each pay separately for itself. It depends upon whether they are integrated or entirely separate. If they are separate, they are really four units.

2872. There is another way of looking at it, which I understand is the Commission's way, to say: "We will lump all you people together, and irrespective of the

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[Continued]

cost of the particular service which each of you employs, you will all pay the same".—Within the unit, subject to concessional fares on commercial grounds, and so forth?

(*Mr. Rougier*): Yes. Let us leave those out of consideration as we are discussing the principle.

(*President*): It is no use putting a high charge on the expensive service if the people who are using the expensive service will not pay the high charge, is it?

(*Mr. Rougier*): Agreed, but it may be that it is possible for you to dispense with the service. It may be that the Commission has to carry out an unprofitable service, but obviously if you can dispense with it, then you make an economy.

(*Mr. Harold Willis*): Which is rather what Sir Reginald Wilson suggested in regard to some of these cross-country services.

2873. (*Mr. Rougier*): Yes. There is a way suggested by Professor Carter of dealing with this trouble. I do not put it forward as my suggestion, but he suggests a compound charge, made up, for instance, of so many miles carried, plus the appropriate terminal charges.—He suggests that for passengers?

2874. Yes.—Even in relation to short-distance traffic?

2875. I do not know whether he says that or not, but all I am trying to point out is that there are alternative and possibly better and fairer methods of charging or constructing a charging scale than so much a mile per passenger.—I do not think you establish that by quotations from Professor Carter's Paper, so far as the London area is concerned at any rate, and that is all I am dealing with.

2876. At the moment I am trying to establish it as a general principle for a transport organisation, whether it is the London area, outside the London area, or in Utopia. I am trying to establish the theoretical principles. If you will look at, I think it should be, the bottom of page 4 of Professor Carter's Paper, he says: "But a more fearsome dragon now lies in our path, called the Public, who are supposed to insist on various uniformities which flatly contradict the principles we have been discussing. These uniformities are of two kinds. The less important—applying mainly to rail passenger fares—is the idea that charges should be proportional to distance. It is clear that cost per mile falls with increasing distance (at least, provided long distance trains are faster than short distance, as they usually are); and it is quite impossible to use prices to 'direct' short distance traffic to buses and long distance traffic to rail if both forms of transport work on a flat rate per mile. We urgently need a system of tapered passenger fares; other countries have them, and I do not believe that the public would really object to them if they were introduced". It is quite clear from the context of that that he is dealing with relatively long distance traffic, is he not?

2877. Relatively, but he is obviously comparing it with bus travel, so it cannot be too long, can it?—Yes. There is bus travel from Glasgow and Edinburgh to London, and that is exactly the sort of thing he has in mind.

2878. Those are generally called coaches, and surely he could not have those in mind. He says: "It is quite impossible to use prices to direct short distance traffic to buses and long distance traffic to rail". Quite clearly

he is considering a few miles only?—He might be thinking of medium distance traffic.

2879. Setting that aside, what he is there suggesting is a system of tapering passenger fares as being the correct principle to apply in constructing a charges scale?—Fo buses or for railways?

2880. Quite clearly he is trying to construct a comprehensive charges scale, but let us assume it only deal with railways. Do you agree with the principle or not?—Professor Carter's principle?

2881. Yes.—I am not prepared to answer that for long distance traffic any more than Sir Reginald Wilson was. He said that the idea of tapering for long distance fares had a good deal to be said for it, and that the Commission were considering it.

2882. Very well; I accept that as being as far as you can go.—That is as far as I can go.

2883. Would you also agree with his next criticism: "The more important idea of uniformity is that, within a given public transport organisation, the published tables of rates should apply to all parts of that organisation's system. This is a disastrous idea, for it means that the more inclusive an organisation becomes, and the more it tries to sweep away 'special rates', the less it can adapt its charges to its costs. No one would think it odd if a road haulier plying between London and Manchester charged less than one plying between Inverness and Kyle o Lochalsh; but, if both these are nationalised one might expect that in due course it would be considered 'unjust' if different rates were charged; and it would be considered exceedingly odd if the normal railway rates differed from one route to another". Leaving aside for the moment what the public might consider, is not that the view of the Commission?

(*Mr. Harold Willis*): If I might intervene, the Commission's views on this, I think, were given by Sir Reginald Wilson on page 53. I do protest against this being put to Mr. Valentine, who, after all, is not here as the witness to deal with the broad questions of policy in regard to the Commission's charging outside London.

(*The Witness*): And for freight.

(*Mr. Harold Willis*): And for freight, which is covered by these questions.

2884. (*Mr. Rougier*): I am sorry if it should be thought that I am asking the wrong witness the wrong questions, but I understood Mr. Valentine was the witness to whom I should address questions relating to the construction of charges scales?—Yes.

2885. That is all I am asking. I am not asking you to construct a charges scale for freight anywhere or a charges scale relating to outside London. I am trying to establish the principles upon which a charges scale should be made, and if I succeed in establishing that with you, Mr. Valentine, to apply it to the London area.—If you are asking me to comment on this particular paragraph, all I can say is that it is quite manifest that it deals entirely with freight, that the principles of the Commission with regard to freight charges will not be made known until they submit the Freight Charges Scheme.—

(*President*): I think before we go on with constructing an ideal Charges Scale, we must adjourn, and take up that task of construction on Monday.

(*The Witness withdrew.*)

(Adjourned until Monday next at 10.30 o'clock.)

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[Continued]

L.C.C. 106

## EXAMPLES OF DAY RETURN TICKETS FROM NOTTINGHAM (MIDLAND)

*Any train—Any day (from 1st December, 1952)*

B.R. Handbill ...	A 466R	A 460 R	A 469 R	Single mileage	Third Class return fare	Per mile	Proposed early morning fares (B.T.C. 506, Col. 7)
	Table 208 p. 632 (1)	Table 233 p. 695 (2)	Table 236 p. 698 (3)	(4)	(5)	(6)	(7)
1	—	Beeston	...	4	s. d.	d. s. d.	
2	—	Basford	—	5	9	1·13	11
3	—	Attenborough	...	5	8	0·80	1 0
4	—	Bulwell	—	5	11	1·10	1 0
5	Trent	Trent	...	6	11	0·92	1 2
6	—	Sawley Junction	—	7	1 2	1·00	1 4
7	—	Hucknall	...	8 (a)	1 3	0·94	1 5
8	—	Linby	...	9	1 3	0·83	1 7
9	—	Draycott	...	10 (b)	1 3	0·75	1 8
10	—	—	—	10 (b)	1 6	0·90	1 8
11	Kegworth	—	Newstead	...	1 5	0·78	1 9
12	—	—	—	11	1 7	0·87	1 9
13	Hathern	—	Annesley	...	12	1 7	0·79
14	—	Borrowash	...	13	1 10	0·85	2 0
15	—	Spondon	...	14	1 11	0·82	2 1
16	Loughborough (Midland),	—	Sutton Junction	...	15	2 1	0·83
17	—	Derby	...	15	2 2	0·87	2 3
18	Barrow-on-Soar	—	Mansfield	—	16	2 2	0·81
19	—	—	Mansfield	...	18	2 5	0·81
20	Sileby	—	Woodhouse.	—	19	2 6	0·79
21	—	—	—	20	2 10	0·85	2 4
22	Syston	—	Shirebrook (West)	—	21 (c)	—	2 7
23	—	—	—	22	2 11	0·80	3 0
24	—	—	Langwith	...	23	2 11	0·76
25	Leicester (London Road)*.	—	Elmton and Cresswell.	—	23	3 2	0·83
26	—	—	Whitwell	...	26	3 10	0·88
27	—	—	Worksop	...	28	3 0	0·64
					32	4 5	0·86
						3 0	0·83
						3 6	0·83
						3 3	26
						3 3	27

## NOTE:—

\* A 466R also includes the following fares from LEICESTER (i.e., in reverse direction):—

- (a) Sileby ... ... ... (8 miles) ... 1s. 1d. ... (0·80d. per mile)
- (b) Barrow-on-Soar ... ... (10 miles) ... 1s. 4d. ... (0·80d. per mile)
- (c) Trent ... ... ... (21 miles) ... 2s. 10d. ... (0·80d. per mile)

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[Continued]

L.C.C. 107

## OFF-PEAK REDUCTION OF ORDINARY L.T.E. FARES ABOVE 3D.

Mileage	Present early morning return fare B.T.C. 506	Present L.T.E. single fare B.T.C. 504	"Y" year yield L.T.E. ordinary fares B.T.C. 503	Assume $\frac{1}{3}$ of yield is off peak	Assume this traffic carried at early morning return fares yield (6)	Resulting loss of yield (7)	Additional journeys at early morning fare to balance loss of yield (8)	"Y" year journeys corresponding to yield Col. 4 B.T.C. 503 (9)	Assume $\frac{1}{3}$ journeys corresponding to Col. 5 (10)
(1)	(2)	(3)	(4)	(5)					
3	s. d. 8	s. d. 5	£'000 7,303	£'000 2,434	£'000 1,947	£'000 487	'000 29,220	million 350.5	million 116.8
4	9	6	5,082	1,694	1,270	424	22,612	203.3	67.8
5	11	8	3,629	1,210	832	378	16,494	108.9	36.3
6	1 0	9	2,103	701	467	234	9,360	56.1	18.7
7	1 2	11	1,321	440	280	160	5,485	28.8	9.6
8	1 3	1 0	1,446	482	301	181	5,792	28.9	9.6
9	1 5	1 2	717	239	145	94	2,654	12.3	4.1
10	1 6	1 3 and over	2,079	693	416	277	7,386	27.0	9.0
				7,893	5,658	2,235	99,003	815.8	271.9

To make good the loss by reducing Off-Peak ordinary fares to early morning levels (return fare) for the distances shown would require 99.00 million additional journeys—36 per cent. of present Off-Peak journeys—in a year equalling 1.91 million additional journeys each week.

There are 2.6 million households in Greater London (Census, 1951).

Hence less than 1 journey per household each week would make good the deficiency.

2 journeys per household each week would produce an additional £2 million in a year.

